

REPUBLIC OF KENYA



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REPORT

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CLERK AT THE TABLE Mawun

THE AUDITOR-GENERAL

ON

**KERICHO COUNTY ASSEMBLY MEMBERS
CAR LOAN AND MORTGAGE FUND**

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



**KERICHO COUNTY ASSEMBLY MEMBERS CAR LOAN AND
MORTGAGE FUND**

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

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

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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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

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility.

**Kericho County Assembly Members Car Loan and Mortgage Fund
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2. Key Entity Information and Management

a) Background information

Kericho County Assembly Members Car Loan & Mortgage Fund is established by The Public Finance Management (Kericho County Assembly Members Car Loan and Mortgage Fund) Regulations, 2016. The Regulations was established appropriately to guide the implementation for the benefits of Members of the County Assembly. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's objective is to provide a car loan for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of county assembly.

The Fund's principal activity is to facilitate Members of the County Assembly to purchase residential houses and motor vehicles.

b) Principal Activities

The principal activity of the Fund is to facilitate members of the county assembly acquire and build their residential houses as well as purchase of motor vehicles to facilitate them discharge their mandate effectively.

c) Fund Administration Committee

Ref	Name	Position
1	Hon. Philip Rono	Chairperson
2	Hon. Haron Rotich	Vice Chair
3	Hon. Hezron Kipngeno	Member
4	Hon. Dominic Mutai	Member
5	Hon. Bafina Serem	Member
6	Mr. Martin Epus	Secretary
7	Mrs. Sharon Mibey	Member
8	Mr. Aggrey Kirui	Member
9	Mr. Kiplangat Terer	Secretariat

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d) Key Management Team

1	Mr. Martin Epus	Clerk to the County Assembly of Kericho
2	Mrs. Sharon Mibey	Deputy Clerk
3	Mr. Aggrey Kirui	Director Finance
4	Mrs. Rose Chelangat	Deputy Director Finance
5	Mr. Kiplangat Terer Edwin	Senior Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

a. The public and other stakeholders through public participation play a significant role and greatly influence decision making ultimately improving the governance process.

b. County Budget and Economic Forum, which presents the ideal opportunity to strengthen the engagement between the County Government and the County residents.

c. The Budget and Appropriation Committee reviews the budget estimates submitted by County Executive and proposes the same for adoption or rejection of the same in the full house of the County Assembly.

d. Internal Audit unit and Audit Committee undertake periodic reviews of expenditures and make recommendations on improprieties noted.

e. Independent offices set by law, which is the office of the Auditor General and Controller of Budget for review of programmes to ensure there is no wastage and Value for Money is achieved.

f. County Assembly Public and Investment Committee reviews all audit reports submitted by the County Executive.

f) Registered Offices

Kericho County Assembly Headquarters

P.O.BOX 1526-20180

Kericho, KENYA.

Kericho County Assembly Members Car Loan and Mortgage Fund
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g) Fund Contacts

Telephone :(254) 745169000

www.assembly.kericho.go.ke

h) Fund Bankers

Family Bank
P.O.Box 74145-00200
Nairobi.

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Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser





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

k) County Attorney




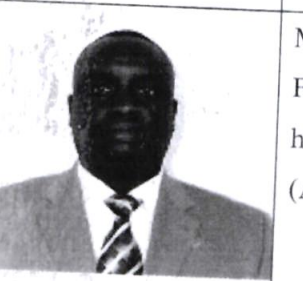

County Government of Kericho
County Attorney
P.O.Box 112-20200
Kericho.

**Kericho County Assembly Members Car Loan and Mortgage Fund
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3. Fund Administration Committee

Name	Details of qualifications and experience
	<p>Hon. Philip Rono is the Chairperson of the Committee. He is the elected member of County Assembly representing Kamasian Ward and also the Majority leader of the County Assembly. He was born in 1989. Hon. Philip holds a bachelor's degree in Strategic Management and a Diploma in Electrical and Electronics Engineering as well as Higher National Diploma in Instrumentation. Served as NYS officer and later worked as an Engineer in Safaricom PLC Ltd before being elected.</p>
	<p>Hon. Haron Rotich is the Vice Chairperson of the Committee. He is the elected Member of County Assembly representing Seretut/Cheptororiet Ward and he is also the Chief Whip of the County Assembly. He was born in 1989. He holds a Diploma in Civil Engineering.</p>
	<p>Hon. Hezron Ng'etich is the member of the Committee. He is the elected Member of County Assembly representing Chilchila Ward and the Chairperson of Lands, Physical planning and Housing committee. He was born in 1987. Hon. Hezron holds a Bachelors Degree in Project Management and a Diploma in Civil Engineering.</p>
	<p>Hon. Dominic Mutai is a Member of the Committee and the elected Member of County Assembly representing Kabianga Ward. He was born in 1979. Hon. Dominic holds a Diploma in Information Communication Technology and a CPA part I. He was the Chief Clerk for KTDA before being elected.</p>

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	<p>Hon. Bavina Serem is a Member of the Committee. She is a nominated Member of County Assembly and the deputy whip. She was born in 1986. Hon. Bavina has a Degree in Journalism and Mass Communication and served as a reporter at Kass TV before her nomination.</p>
	<p>Mr. Martin Epus is the Secretary of the Committee and also the Clerk to the County Assembly. He was born in 1971. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Committee and also the Deputy Clerk to the County Assembly. She was born in 1987. Sharon holds a Masters in Public Administration, LLB (Bachelors Degree in Law) as wells as post graduate Diploma from the Kenya School of Law and a Certified Secretary.</p>
	<p>Mr. Aggrey Kirui is a Member of the Committee and also the Principal Finance Officer of the County Assembly. He was born in 1972. Aggrey holds a Masters Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
	<p>Mr. Kiplangat Terer is a Member of the Committee and an Accountant of the County Assembly. He was born in 1994. He holds a degree in Bachelor of Commerce (Accounting option) and also CPA part II.</p>





Kericho County Assembly Members Car Loan and Mortgage Fund
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Ms. Rose Chelangat is the Fund Accountant and also head of Accounts in the Assembly. She was born in 1980. She holds a Bachelors degree in commerce (Accounting option), CPA Final and a member of Institute of Certified Public Accountant of Kenya (ICPAK).

*Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024*

4. Management Team

Name	Details of qualifications and experience
	<p>Mr. Martin Epus is the Secretary of the Committee and also the Clerk to the County Assembly. He was born in 1970. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPA II, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Committee and also the Deputy Clerk to the County Assembly. She was born in 1987. Sharon holds Masters in Public Administration, LLB (Bachelors Degree in Law) as well as post graduate Diploma from the Kenya School of Law and a Certified Secretary.</p>
	<p>Mr. Aggrey Kirui is a Member of the Committee and also the Principal Finance Officer of the County Assembly. He was born in 1972. Aggrey holds a Master Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
	<p>Mr. Kiplangat Terer is a Member of the Committee and an Accountant of the County Assembly. He was born in 1994. He is a holder of degree in Bachelor of Commerce (Accounting option) and also CPA part II.</p>

Kericho County Assembly Members Car Loan and Mortgage Fund
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Ms. Rose Chelangat is the Fund Accountant and also head of Accounts in the Assembly. She was born on in 1980. She holds Bachelors degree of commerce (Accounting option), CPA Final and a member of Institute of Certified Public Accountant of Kenya (ICPAK).

*Kericho County Assembly Members Car Loan and Mortgage Fund
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5. Fund Chairperson's Report

The Kericho County Assembly Members Car Loan and Mortgage Fund is established under the Public Finance Management (Kericho County Assembly Members Car loan and Mortgage Fund) Regulations, 2014. The administration of the fund is done by Family Bank Limited.

The Fund Management Committee comprises of a team of Members of the County Assembly and the Secretariat as committee members playing different roles and in the sub committees of the committee to help in administering the Fund. The chairperson of the Committee is the Leader of Majority of the County Assembly.

The Kericho County Assembly Members Car loan and Mortgage Fund has over the years benefitted the members in the acquisition of cars to improve mobility and in the housing for decent living. In turn, this has translated to better performance in their core mandates. The total beneficiaries of the car loan and mortgage are 47 members of the county assembly, the Speaker and two (2) members of the County Assembly Service Board.

The Fund is expected to grow significantly and benefit the members immeasurably. The members will benefit greatly on the car loans and mortgages since the interest is low and can discourage members from borrowing loans from other financial institutions whose interest rates are exorbitant.

The Kericho County assembly members Car loans and Mortgage Fund Committee commits to manage the Fund for the benefit of its members and for overall achievement and realization of the objectives of the County Assembly.

The Fund is well managed by the bank and is earning the 3% interest as well as interest on fixed deposits when it is done so thus giving value for money. The Fund has grown to Ksh. 212,581,884 from Ksh. 246,706,373 of previous year due to a drawing of Ksh 38,222,854 with the interest growing from Ksh. 4,901,264 to this year's interests of Ksh. 6,150,007. The Fund administration expenses increased to 2,150,007 from last year's Ksh 1,634,435 due to an increase in interest received. There's also a significant accumulated surplus of Ksh 13,503,669 as compared to Ksh. 9,405,304 of the previous year.

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The members who have benefited from it are happy to have enabled them to get land and build their own houses as well as acquiring motor vehicles hence facilitating the implementation of their mandate.

Signed:  Date.....19/12/2024

HON. PHILIP KIPNGETICH RONO

***Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024***

6. Report of The Fund Administrator

The Kericho County Assembly Members Car Loan and Mortgage Fund is established under the Public Finance Management (Kericho County Assembly Members Car loan and Mortgage Fund) Regulations, 2014. The administration of the Fund is done by Family bank which was sourced competitively.

However, there is a management Committee which comprises of a team of Members of the County Assembly and staff as well as the Secretariat playing different roles and in the sub committees of the Committee. The chairperson of the Committee remains the Leader of Majority of the County Assembly and the Secretary of the Fund is the clerk of the County Assembly.

The Kericho County Assembly Members Car Loan and Mortgage Fund has over the years benefitted the members in the acquisition of cars to improve mobility and in the housing for decent living. In turn this is expected to translate to performance in their core mandates. The total beneficiaries of the car loan and mortgage are 47 members of the county Assembly, The Speaker and two members of the County Assembly Service Board with total principal loan outstanding of Ksh 187,556,703. The Funds' performance is significantly growing with the year's interest of Ksh 6,150,007 and the fund administration expenses at Ksh 4,901,264.

The Fund is expected to grow significantly and benefit the members immeasurably since the interest is low and can discourage members from borrowing loans from other financial institutions.

The Kericho County assembly Members Car loans and Mortgage Fund Committee commits to administering the Fund for the benefit of its members and for overall achievement and realization of the objectives of the County Assembly.

There has been a great challenge in regards to security for funds and the amount disbursed to members is not sufficient for all the fifty one (51) beneficiaries at the same disbursement period.

The risk relating to the management of the Fund is in case of any unforeseen occurrence that can lead to inexistence of a member, there's likelihood of losing the Funds but for a death of a member, insurance will compensate the fund.

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There has been no reported case of corruption or conflict of interest as the fund is managed in the most transparent manner.

Signed: _____



MARTIN EPUS PATRICK.



***Kericho County Assembly Members Car Loan and Mortgage Fund
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7. Statement of Performance Against the County Fund's Predetermined Objectives

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 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 strategic objectives of the County Assembly Members Car Loan and Mortgage are as follows:

1. To enhance Knowledge and Expertise of members for effective use of Car loan and Mortgage.
2. To Improve County Assembly Members living standards so as to boost their Legislative, Administrative and Infrastructural Support Services to enable Members to legislate and perform oversight function more effectively resulting in better utilization of public sector resources;
3. To build adequate Institutional capacity to provide quality, efficient and effective services to the members;
4. To strengthen County Assembly's Representative Capacity through External Linkages and Partnership with Various Stakeholders to Foster Sustainable Development;
5. To ensure adequate financial resources are available to members to meet the capital and investment needs of members;
6. To advise members on viable investments to venture in;
7. Progress on attainment of Strategic development objectives (*Adopted from Kericho County assembly*)

Below we provide the progress on attaining the stated objectives.

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members	To ensure all members have access to Mortgage facilities	Number mortgages successfully applied	100% of members taking Mortgage facilities	During FY, 47 MCAs, speaker and two service board members accessed the facility and were able repay the loan

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Capacity Building for Car Loans and mortgage fund Board	To build adequate Institutional capacity to provide quality, efficient and effective services to the stakeholders and respond adequately to emerging issues;	Increased efficiency in administration of car loan and mortgage Fund	Number of trainings	Car loan and mortgage fund board members capacity enhanced
Consultative forums with like-minded industry players	To strengthen County Assembly's Representative Capacity through External Linkages and Partnership with Various Stakeholders to Foster Sustainable Development;	Increased awareness on fund administration challenges	Number of engagements with fund managers	Best practices from similar fund/ industry replicated
Adherence to Controller of budget and national treasury requirements on requisitions	To ensure adequate financial resources are available to meet the capital and operational expenditures of the Assembly.	Continuous cash flows of the county assembly	Number of requisitions made	Funds availed to County Assembly Members

8. Corporate Governance Statement

Kericho County Assembly Mortgage Board held meetings to deliberate on issues concerning the fund. The number of meetings should not exceed two in a month. The required quorum must be at least two-third at the beginning of each meeting.

Members of the board should be trained on Public Finance Management Act and also regulations that guide issuance of the fund to potential beneficiaries. During the financial year, Fund management committee undertook the following;

- ✓ Attended one week training on mortgage management.
- ✓ Held a meeting to review Service Level agreement for management of the fund by Family Bank Ltd
- ✓ Reviewed the performance of the fund
- ✓ Proposed several issues among them is benchmarking with other counties with good systems of Fund's Management.
- ✓ Sat to prepare and approve budget for the fund

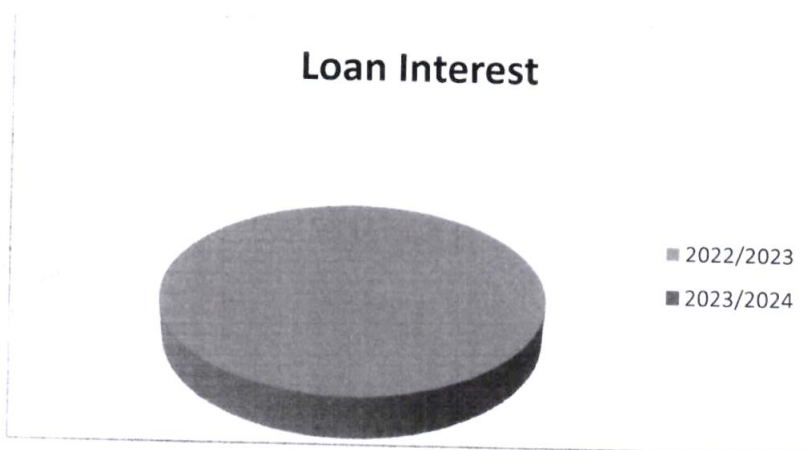
In case there is a conflict of interest on a member of the management committee, such a member should declare his interest and will be exempted to attend that meeting where his contribution will create conflict of interest. Failure to declare such interest is a criminal offence.

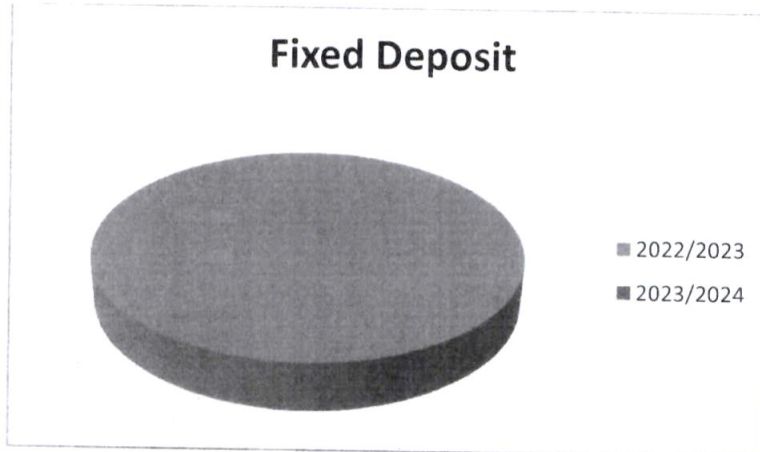
9. Management Discussion and Analysis

This is the Financial Statements for Kericho County Assembly Members Car Loan and Mortgage Fund for the financial period ended 30th June, 2023. This report was prepared and presented as required by Section 167 of the *Public Financial Management (PFM) Act 2012*. The report expounds on the expenditure incurred by the Kericho County Assembly Members car loan and Mortgage Fund provision.

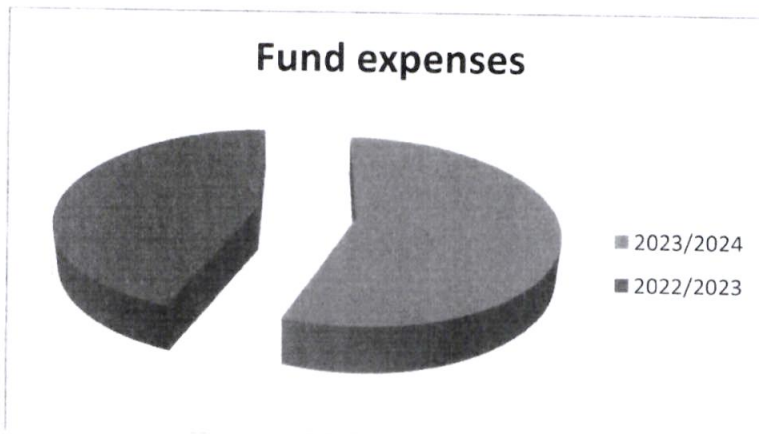
The guiding regulations are the Kericho County Assembly Members Car Loan and Mortgage Fund Regulations of 2014. The amount entitled to each member was done in line with the Salary and Remunerations Commission circulars in which the Fund complied with. The Fund Administrator is Family Bank Limited and its primary purpose is to advance loans to Members of County Assembly for purchase of motor vehicles and mortgage.

During this financial year 2023/2024 the interest income was Kshs.6, 150,007, which was more than that of the financial 2022/2023, Kshs. 4, 901,264. The increase is due to the fact that most of the beneficiaries were starting repayments of their loans in the previous year. Furthermore, there was a reduction of fixed deposit interest from Kshs. 472,562 to nil because there were no funds fixed in the financial year 2023/2024 as illustrated by the pie charts as below;





The expenditure for the Fund during the period was Ksh.2, 051,642 compared to the previous year's expenditure of Ksh. 1, 634,475 as illustrated in the chart below.



The Fund has no major foreseeable risks since it is the county assembly who is deducting and remitting to the bank the loan recoveries.

The risk relating to the management of the Fund is in case of any unforeseen occurrence that can lead to inexistence of a member, there's likelihood of losing the Funds. The Fund has gone a long way to improve on the social welfare of the members by enabling them to acquire land and build houses and purchase motor vehicles which in the process has enhanced service delivery to the public. The Fund is also in compliance all the statutory regulations.

Kericho County Assembly Members Car Loan and Mortgage Fund
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10. Environmental and Sustainability Reporting

The Fund did not engage with CSR since the management committee did not budget for the activity.

Kericho County Assembly Members Car Loan and Mortgage Fund
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11. Report of The Fund Administration Committee

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

Principal activities

The principal activities of the Fund are to facilitate members of the County Assembly to purchase residential houses and to have cars.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1-37

Fund Administration Committee

The members of the fund administration committee who served during the year are shown on page iii-iv. There were no changes in the committee during the financial year.

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 Fund Administration Committee,



.....
Chairperson of the Fund Administration Committee

Date: 19/12/2024
.....

*Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024*

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kericho County Assembly Members Car Loan and Mortgage Fund regulations of 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Fund;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kericho County Assembly Members Car Loan and Mortgage Fund regulations of 2014.. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

***Kericho County Assembly Members Car Loan and Mortgage Fund
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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 Committee on 19/12/ 2024 and signed on its behalf by:

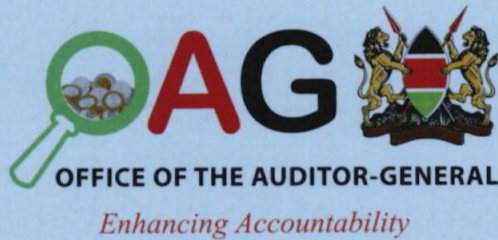


Martin Epus Patrick

Administrator of the County Public Fund



REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY ASSEMBLY MEMBERS CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho County Assembly Members Car Loan and Mortgage Fund set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Kericho County Assembly Members Car Loan and Mortgage Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management ((Kericho County Assembly (Members) Car Loan and Mortgage Fund)) Regulations, 2023 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Current Portion of Long-term Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions totalling Kshs.115,129,104. The amount includes current portion of long-term loans receivables totalling Kshs.75,390,366 as further disclosed in Note 10 to the financial statements in respect of the previous year. However, no provisions have been made for bad and doubtful debts.

Further, the current portion of long-term loans amount differs with supporting schedules amount of Kshs.75,664,899 reflected in the supporting schedules resulting in unreconciled variance of Kshs.274,533.

In the circumstances, the accuracy and completeness of current portion of long-term receivables from exchange transactions totalling Kshs.75,390,366 could not be confirmed.

3. Inaccuracy of the Statement of Cash Flows

The statement of cash flows reflects interest received amounting to Kshs.4,834,020. However, the amount differs with interest income amounting to Kshs.6,150,007 reflected in the statement of financial performance resulting in unexplained variance of Kshs.1,315,987.

Further, the statement reflects fund administration expenses amounting to Kshs.1,293,933. However, the amount differs with the fund administration expenses amounting to Kshs.2,051,642 reflected in the statement of financial performance resulting in unexplained variance of Kshs.757,709.

In addition, the statement reflects net cash flows from operating activities totalling Kshs.3,540,087. The amount is net of increase in receivables amounting to Kshs.729,973 which differs with the recomputed decrease in receivables amounting to Kshs.4,706,648 resulting in unexplained variance of Kshs.3,976,715. Similarly, the amount includes increase in payables amounting to Kshs.171,695 which differs with the recomputed increase in payables amounting to Kshs.609,316 resulting in unexplained variance of Kshs.437,621.

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounting to Kshs.6,150,007 and Kshs.6,150,007. Further, the statement reflects total expenditure actual on comparable basis amounting to Kshs.2,051,642 resulting to under expenditure of Kshs.4,098,365 or sixty six percent (66%) of budget.

In addition, the statement reflects final total income and expenditure budget amounting to Kshs.6,150,007 and Kshs.2,052,002 resulting in unbalanced budget by Kshs.4,098,005. This was contrary to Regulation 31 (c) of the Public Finance Management (County Governments) Regulations, 2015 which requires budget revenue and expenditure appropriations to be balanced.

The under expenditure affected the planned activities and may have impacted negatively on the delivery of services to the Members of the County Assembly of Kericho.

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 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 Matter

Unresolved Prior Year Matters

In the audit reports of previous year, fourteen (14) issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to resolve the issues.

Other Information

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

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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. Irregular Borrowing from the Fund

The statement of financial position reflects current portion of long-term receivables from exchange transactions totalling Kshs.115,129,104. The amount includes other exchange debtors-borrowing totalling Kshs.38,222,854 as disclosed in Note 10 to the financial statements. Review of records revealed that the County Assembly borrowed Kshs.38,222,854 from the Fund. The amount borrowed was to cater for motor vehicle reimbursement to Members of County Assembly. This was contrary to Regulation 4 (1) of the Public Finance Management (Kericho County Assembly (Members) Car Loan and Mortgage Fund) Regulations, 2023 which states that the object and purpose of the Fund is to enable car loans and mortgages to be advanced to the Speaker, Members of the Kericho County Assembly Board as may be prescribed by the Salaries and Remunerations Commission.

Further, the borrowed amount was to be repaid before December 2023. However, the amount has not been refunded to date.

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

2. Failure to Register Charges on Securities

The statement of financial position reflects long-term receivables from exchange transactions totalling Kshs.112,166,337 as further disclosed in Note 10 to the financial statements. Review of the title deeds and log books securing the mortgages and car loans revealed that the Board has no lien registered on the property through the mortgage or car loan granted and ownership documents did not have the name of the Board. This is contrary to Regulation 24 (2) of the Public Finance Management (Kericho County Assembly (Members) Car Loan Fund) Regulations, 2023 which requires the County Assembly Service Board to have a lien registered on the property through a mortgage or car loan granted under these Regulations and shall be entitled to have its name entered in all documents of ownership.

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

3. Lack of Mortgage Protection Policy and Motor Insurance

Review of records revealed that the mortgage borrowers did not insure the properties purchased. This was contrary to Regulation 17 (1) of the Public Finance Management (Kericho County Assembly Members Mortgage Scheme) Fund Regulations, 2023 requires the borrower to take out and maintain a mortgage protection policy and a fire policy with an insurance company approved by management committee, the cost of which shall be paid out of the Fund and debited in the borrower's account.

Further, the motor vehicles acquired through loans granted to members did not have comprehensive insurance policies. This was contrary to Regulation 22 (1) of the Fund Regulations 2023 which requires the borrower to comprehensively insure any vehicle purchased through the scheme. This exposes the Fund to possible loss of public funds in case of any unforeseen occurrence.

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

The audit was conducted in accordance with ISSAI 3000 and 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP 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/>.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

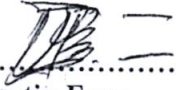
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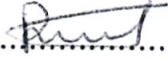
27 December, 2024

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	6,150,007	4,901,264
Interest income from fixed deposit	4	-	472,562
Other Income	5	-	-
		6,150,007	5,373,826
Total Revenue		6,150,007	5,373,826
Expenses			
Employee Costs	6	-	-
Fund Administration Expenses	7	(2,051,642)	1,634,475
Total Expenses		(2,051,642)	(1,634,475)
Other Gains/Losses			
Gain/Loss on Disposal of Assets	8	-	-
Gain /Loss on fair value of investments	8	-	-
Surplus/(Deficit)for the Period		4,098,365	3,739,351


 Name: Martin Epus
 Administrator of the Fund


 Name: Rose Chelangat
 Fund Accountant:
 ICPAK Member Number: 21194

19 DEC 2024

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

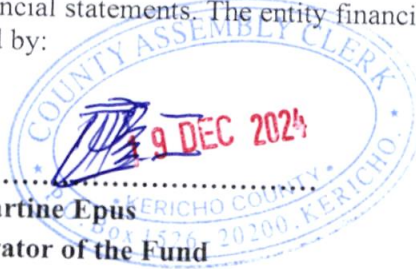
Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	24,650,318	15,235,949
Current Portion of Long- Term Receivables From Exchange Transactions	10	115,129,104	59,158,266
Investments in financial assets	11	-	-
Total current assets		139,779,422	74,394,215
Non-Current Assets			
Property, Plant and Equipment	12	-	-
Intangible Assets	13	-	-
Long Term Receivables from Exchange Transactions	10	112,166,337	172,843,863
Investment Property	14	-	-
Total non- current assets		112,166,337	172,843,863
Total Assets (A)		251,945,759	247,238,078
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	15	1,040,175	282,466
Prepaid loans	16	100,846	249,239
Employee Benefit Obligations	17	-	-
Total current liabilities		1,141,021	531,705
Non-Current Liabilities			
Non-Current Provisions	18	-	-
Non-Current Employee Benefit Obligation	17	-	-
Total Liabilities (B)		1,141,021	531,075
Net Assets (A-B)		250,804,738	246,706,373
Represented By:			
Revolving Fund		226,449,496	226,449,496

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Reserves		-	-
Accumulated Surplus		24,355,242	20,256,877
Net Assets		250,804,738	246,706,373

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 19-12-2024 and signed by:

.....
Name: Martine Epus
Administrator of the Fund



.....
Name: Rose Chelangat
Fund Accountant
ICPAK Member Number: 21194



Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	140,949,496	-	16,517,526	157,467,022
Surplus/(Deficit) For the Period	-	-	3,739,351	3,739,351
Funds Received During the Year	98,000,000	-		98,000,000
Transfers	(12,500,000)		-	(12,500,000)
Revaluation Gain	-	-	-	-
BalanceAsAt30 June 2023	226,449,496	-	20,256,877	246,706,373
Balance As At 1 July 2023	226,449,496	-	20,256,877	246,706,373
Surplus/(Deficit)For the Period		-	4,098,365	4,098,365
Funds Received During the Year	-	-	-	-
Drawings				
Revaluation Gain	-	-	-	-
BalanceAsAt30 June 2024	226,449,496	-	24,355,242	250,804,738

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received	4	4,834,020	5,173,928
Receipts from other operating activities		-	-
Total receipts		4,834,020	5,173,928
Payments			
Fund administration expenses	7	1,293,933	1,352,009
Other payments		-	-
Total payments		(1,293,933)	(1,352,009)
Net cash flows from operating activities	19	3,540,087	3,821,919
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from loan principal repayments		44,097,136	38,759,366
Loan disbursements paid out		-	(269,000,000)
Net cash flows used in investing activities		44,097,136	(230,240,634)
Cash flows from financing activities			
Transfers from County Government		-	98,000,000
Transfers to Members Car Reimbursement-Borrowing	10	(38,222,854)	(12,500,000)
Net cash flows used in financing activities		(38,222,854)	85,500,000
Net increase/(decrease) in cash & cash Equivalents		9,414,369	(140,918,715)
Cash and cash equivalents at 1 July		15,235,949	156,154,663
Cash and cash equivalents at 30 June	9	24,650,318	15,235,948

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement of Comparison of Budget and Actual Amounts for the Period ended June 30, 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	-					
Interest Income	6,150,007	-	6,150,007	6,150,007	0	100%
Other Income	-	-	-	-	-	
Total Income	6,150,007	-	6,150,007	6,150,007	0	100%
Expenses						
Fund Administration Expenses	2,050,002	-	2,050,002	2,050,002	0	100%
General Expenses	-	-	-	-	-	
Finance Cost	2,000	-	2,000	1,640	360	82%
Total Expenditure	2,052,002	-	2,052,002	2,051,642	360	99.98%
Surplus For the Period	4,098,005	-	4,098,005	4,098,365	360	
Capital expenditure	-	-	-	-	-	

Budget notes

- I) The budget estimates are based on Amortization schedules which gives the anticipated income.
- II) The expenses are appropriated as 1% of the 3% interests anticipated as per the service level agreement with Family Bank.
- III) A finance cost includes Bank charges and is appropriated based on previous charges incurred.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kericho County Assembly Members Car Loan & Mortgage Fund is established by The Public Finance Management (Kericho County Assembly Members Car Loan and Mortgage Fund) Regulations, 2016. The Regulations was established appropriately to guide the implementation for the benefits of Members of the County Assembly. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's objective is to provide a car loan fund for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members.

The Fund's principal activity is to facilitate Members of the County Assembly to purchase residential houses and motor vehicles.

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

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

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

Standard	Effective date and impact:
IPSAS 43	<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</p>

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>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.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025 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.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025 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.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026 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</p>

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

(i) Early adoption of standards

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

Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on 30th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record any additional appropriations on the FY 2023-2024 budget.

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.

Summary of Significant Accounting Policies (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification 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 page 4 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. 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.

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.

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The 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).

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

Provisions are recognized when the 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.

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit fund at the same time that it recognises a liability. The liability for the social benefit fund 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.

Summary of Significant Accounting Policies (Continued)

g) 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.

h) Nature and purpose of reserves

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

i) 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.

j) 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.

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

The 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.

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

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.

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. Additional disclosure of these estimates of provisions is included in Note xxx.

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

Kericho County Assembly Members Car Loan and Mortgage Fund
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6. Notes To The Financial Statements Continued

1. Public contributions and donations

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

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	98,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	98,000,000

3. Fines, penalties and other levies

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

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Car and Mortgage Loans- Received	4,834,020	4,901,264
Interest Income due	1,315,987	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	472,562
Total Interest Income	6,150,007	5,373,826

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes to the Financial Statements Continued

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Training Expenses	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Fund Administration Expenses

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Fund Administration Fees Paid	1,292,293	1,633,755
Fund Administration due for the period	757,709	
Committee Allowances	-	-
Bank Charges	1,640	720
Electricity And Water Expenses	-	-
Other (<i>Specify</i>)	-	-
Total	2,051,642	1,634,475

Kericho County Assembly Members Car Loan and Mortgage Fund
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8. Gain/(loss) on disposal of assets and fair value of investments

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

9. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Main car and mortgage Loan Account	19,388,327	12,558,543
Car and Mortgage Interest Account	5,261,991	2,677,406
Fixed Deposits Interest Account	-	-
Others	-	-
Total Cash And Cash Equivalents	24,650,318	15,235,949

Kericho County Assembly Members Car Loan and Mortgage Fund
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Notes to the Financial Statements Continued

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Fixed Deposits Account			
Family Bank		-	-
Sub- Total		-	-
b) On - Call Deposits			
Sub- Total		-	-
c) Current Account			
Family Bank main	022000011142	19,388,327	12,558,543
Family Bank - Interest	022000027965	5,261,991	2,677,406
Sub- Total		24,650,318	15,235,949
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		24,650,318	15,235,949

10. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	1,515,884	199,897
Current portion of long term loans receivable	75,390,366	58,958,369
Other Exchange Debtors: Borrowings	38,222,854	-
Less: Impairment Allowance	-	-
Total Current Receivables	115,129,104	59,158,266
Non-Current Receivables		
Long Term loan receivables	112,166,377	172,843,863
Total Non- Current Receivables	112,166,377	172,843,863
Total Receivables From Exchange Transactions	227,295,481	232,002,129

Notes to the Financial Statements Continued

Kericho County Assembly Members Car Loan and Mortgage Fund
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Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	1,515,884	-
Accrued interest receivable from long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	6,987,254.40
Current loan repayments due		
Current portion of long-term loans from previous years	75,906,250	-
Other Exchange Debtors: Borrowings	38,222,854	-
Accrued principal from long-terms loans from previous periods	112,166,377	-
Current portion of long-term loans issued in the current year	-	58,118,890

11. Investments in financial assets

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

Movement of Equity Investments

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

Kericho County Assembly Members Car Loan and Mortgage Fund
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e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity	-	-	-	-	-	-
Entity	-	-	-	-	-	-
Entity	-	-	-	-	-	-
	-	-	-	-	-	-

Kericho County Assembly Members Car Loan and Mortgage Fund
 Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

12. Property, plant and equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1st July 2023	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2024	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2024	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2024	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2024	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
At 30 th June 2024	-	-	-	-	-

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

13. Intangible assets

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

14. Investment Property

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

Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

15. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	1,040,175		282,466	
Other Payables	-		-	
Total Trade and Other Payables	1,040,175		282,466	
Ageing analysis(Trade and other payables)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	757,709	%	282,466	%
1-2 years	282,466	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	1,040,175		282,466	

16. Prepayments

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Prepaid loans	100,846		249,239	
Prepaid Insurance	-		-	
Prepaid Electricity Costs	-		-	
Other Prepayments (Specify)	-		-	
Total	100,846		249,239	

Kericho County Assembly Members Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

17. Employee benefit obligations

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

18. Non current provisions

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

Kericho County Assembly Members Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

19. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	4,098,365	3,739,351
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	(729,973)	(199,898)
Increase In Payables	171,695	282,466
Net Cash Flow From Operating Activities	3,540,087	3,821,703

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

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

Description	2023-2024	2022-2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'Organization'	-	-
Sterling Pound Denominated Loan From 'Organization'	-	-
Euro Denominated Loan from Organization'	-	-

Kericho County Assembly Members Car Loan and Mortgage Fund
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Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

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

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

20. 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 is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Management committee ;etc.

b) Related party transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties	-	98,000,000
Transfers To Related Parties	-	12,500,000

c) Key management remuneration

Description	2023-2024	2022-2023
	Kshs	Kshs
Management Committee	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

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

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Other Disclosures Continued

e) Due to related parties

2	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

21. Contingent assets and contingent liabilities

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

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

22. 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 2024				
Receivables From Exchange Transactions	188,226,642	188,226,642	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	24,650,318	24,650,318	-	-
Total	212,876,960	212,876,960	-	-
At 30 June 2023				
Receivables From Exchange Transactions	231,802,232	231,802,232	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	15,235,948	15,235,948	-	-
Total	247,038,180	247,038,180	-	-

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

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

The Management committee 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 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**Kericho County Assembly Members Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2023-2024			
Euro	10%	-	-
USD	10%	-	-
2022-2023			
Euro	10%	-	-
USD	10%	-	-

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.

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.

**Kericho County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	226,449,496	140,949,496
Accumulated surplus	24,355,242	20,256,877
Total funds	250,804,738	161,206,373
Total borrowings	-	0
Less: cash and bank balances	24,650,318	15,235,949
Net debt/(excess cash and cash equivalents)	24,650,318	15,235,949
Gearing	0	0

23. Events after the reporting period

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

24. Ultimate and Holding Entity

25. The entity is a County Public established by and derives its authority and accountability from Article 230 of the constitution.. Its ultimate parent is the County Government of Kericho.

26. Currency

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

**Kericho County Assembly Members Car Loan and Mortgage 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	Inaccuracies in the statement of cash flows	The inaccuracies were corrected.	Resolved	
2	Lack of an approved Budget	The management will prepare and approve budget for the financial year	Resolved	
3	Unsecured loans	The management will ensure all loans disbursed are secured with loanees' property.	On-going	30th March 2025
4	Lack of internal Audit review	The internal audit review was done after the close of financial year. Future reviews will be done within the financial year.	Resolved	

**Martin Epus,
Accounting Officer**

Date.....



**Kericho County Assembly Members Car Loan and Mortgage Fund
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Annex II: Inter-Fund Confirmation Letter

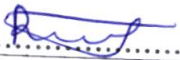

Kericho County Assembly
P.O BOX 1526-20200,
KERICHO


The Kericho County Assembly wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kericho County Assembly as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by Kericho County Government as at 30 th June 2024				Amount Received by Kericho County Assembly (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
				-	-	-	-
Total				=	=	-	-

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

Head of Accountants
Rose Chelangat,

Sign.....Date..........



Kericho County Assembly Members Car Loan and Mortgage Fund
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 Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Of Funds	Implementing Partners

**Kericho County Assembly Members Car Loan and Mortgage Fund
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Annex IV: Reporting on Disaster Management Expenditure

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