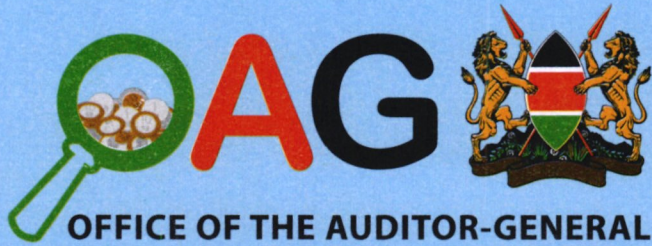
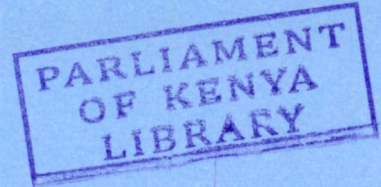


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF NAKURU
CAR LOAN, GRANT AND
MORTGAGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen. Mutinda on behalf of Majority Leader
COMMITTEE	-
CLERK AT THE TABLE	Belinda





**COUNTY ASSEMBLY OF NAKURU
CAR LOAN, GRANT AND MORTGAGE SCHEME FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

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**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

1. Acronyms and Definition of Key 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
KES	Kenya Shillings

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

2. Key Entity Information and Management

a) Background information

The Nakuru County Assembly Car Loan and Mortgage Fund was established under County Government of Nakuru Car Loan and Mortgage Scheme Fund Regulations of 2014. The regulations were amended on 19th October, 2022 to read The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund). The Fund is wholly owned by the County Assembly of Nakuru and is domiciled in Kenya.

The principal purpose and object of the Act is to establish a loan scheme to provide loans to Members of the Scheme to purchase motor vehicles or residential houses in addition to develop, renovate or repair their residential property.

The Fund's principal activity is advancing Car Loans and Mortgage to members of County Assembly and staff.

b) Principal Activities

The principal activity of the Fund is to advance Car Loans and Mortgage to Members of County Assembly and Staffs.

Vision

To be a fund of choice to the Members and Staff of County Assembly of Nakuru.

Mission

To provide affordable Car and Mortgage Loans to Members and Staff of County Assembly of Nakuru in a sustainable manner.

Core Values

The fund upholds the values of Equity, Integrity, Accountability and Accessibility.

c) Fund Administration Committee

Sec 6(1) of The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund) establishes the loan management committee which consist of;

Ref	Name	Position
1	Jane Waweru	Chairperson
2	Stephen Gatimu	Deputy Clerk
3	Irene W. Wamaru	Ag. Director H/Resource & Development
4	John Kwambai	Ag. Director Finance
5	Ann Kahunga	Legal council

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

Key Entity and Management (Continued)

d) Key Management team

Ref	Name	Position
1	Jane N. Waweru	Ag. Clerk
2	Stephen M. Gatimu	Deputy Clerk
3	John K. Kwambai	Ag. Director Finance
4	Irene W. Wamaru	Ag. Director H/Resource & Development
5	Joseph K. Chege	Director Hansard and ICT
6	Emmanuel Njuguna	Director Budget
7	Leonard Opiyo	Director legislative, Legal, Research and Library Services
8	Rachael J Cherotich	Director Committee Services
9	John Waweru	Ag. Deputy Director Procurement

e) Fiduciary Oversight Arrangements

The county Assembly has audit committee which undertook its mandate during the year under review which included; Providing strong and effective oversight of the County Assembly Internal Audit, Monitoring the effectiveness of the County Assembly's performance management and performance information, Promoting effective and efficient audit process by providing an independent review of the internal audit work plans and reports, Evaluating internal and external audit reports and making appropriate recommendations, undertaking independent reviews of the Funds financial statements and Reviewing the level of compliance with relevant legislative and regulatory requirements by promoting a culture committed to lawful and ethical behavior.

The County Assembly Public Accounts and Investment Committee followed up on all Audit issues that were raised by the Office of the Auditor General as far as all the County Entities were concerned.

The Internal Audit department and audit Committee reviews the Quarterly Financial Statements for the Fund on a quarterly basis. The department consists of two staff members and three audit committee members as listed in the table below:

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

Ref	Position	Name
1.	Director -Internal Audit	Samuel Munyeki Elizabeth Chepkosgei
2.	Internal Audit Committee	Peter Kitur – Chairperson Ann Ng’ang’a – Member Dennis Kaluki- Member

Public Accounts and Investment Committee

Member	Designation	Ward
Hon. Simon Kamau Karanja	Chairperson	Kihingo
Hon. Michael Njenga	V/Chairperson	Nominated
Hon. Ann Njaguara	Member	Nominated
Hon. Bethsheba Kerubo	Member	Nominated
Hon. Ben Kirui	Member	Barut
Hon. Irene Cheboi	Member	Nominated
Hon. Joseph Mwangi Muraya	Member	Viwandani
Hon. Keziah Okumu	Member	Nominated
Hon. Robert Langat	Member	Amalo
Hon. Neto Sakwa	Member	Kivumbini
Hon. Robert Rutto	Member	Kapkures
Hon. Samuel Ngarama	Member	Lanet/Umoja
Hon. James Gathuita Mwangi	Member	Dundori

f) Registered Offices

P.O. Box 907
 Ugatuzi Plaza
 Nakuru – Eldoret Highway
 Nakuru, KENYA

g) Fund Contacts

Telephone :(254)051-2216472
 E-mail: clerkassembly@nakurucounty.go.ke
 Website: www.nakurucounty.org.ke

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

h) Fund Bankers

1. Family Bank Towers,
Muindi Mbingu Street
P.O. Box 7414-00200
City Square
Nairobi, Kenya
Account No. 018000055807
Account No. 018000067410
Account No. 018000073217

2. Consolidated Bank
Consolidated Bank House
23 Koinange Street
P. O. Box 51133 - 00200,
Nairobi – Kenya
Account No. 10161101000153

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

The County Attorney
P.O. Box 2870 - 20100
County Government of Nakuru Headquarters
Nakuru, Kenya

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025






3. Fund Administration Committee

Sec 6(1) of The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund) regulations of 2022 establishes the loan management committee which consist of;


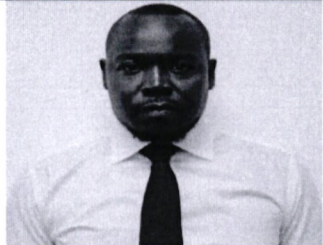

Ref	Name	Position
1	Jane Waweru	Chairperson
2	Stephen Gatimu	Deputy Clerk
3	Irene W. Wamaru	Ag. Director H/Resource & Development
4	John Kwambai	Director Finance
5	Ann Kahunga	Legal council

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

4. Management Team

	Name	Details of qualifications and experience
1	 CPA. Jane N. Waweru	Bachelor of Commerce, CPA (K). 24 years' experience. Ag. Clerk to County Assembly. She previously worked for NYAWASCO and Nakuru Municipal Council.
2	 Stephen M. Gatimu	MPA, Bachelor of Arts (BA). 14 years' Experience. Deputy Clerk
3	 CPA. Emmanuel Njuguna	Masters in Business Administration, Bachelor of Commerce, CPA(K), CSIA(K), SLDP. 15 years' experience. Director Budget
4	 CPA. John K. Kwambai	Master's in Business Administration, Bachelor of Commerce, CPA(K), and CPS. 12 years' experience. Ag. Director Finance
5	 Irene W. Wamaru	Master of Arts Communication, Bachelor of Arts (Media). 15 years' experience. Ag. Director Human Resource and Development.

**County Assembly of Nakuru
 Car Loan, Grant and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended 30th June, 2025**

6	 Joseph K. Chege	<p>Bachelor of Arts (BA), Diploma in Mass Communication, 28 years' Experience. Director ICT and Hansard.</p>
7	 Leonard Opiyo	<p>Bachelor of Arts in Political Science and Public Administrations, Public Policy and Administration. 11 years' experience. Director legislative, Legal, Research and Library Services</p>
8	 Rachael J. Cherotich	<p>MBA in Strategic Management, Bachelor of Education (Maths/Economics), Higher Diploma (HRM). 16 years' Experience. Director Committee Services.</p>

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

5. Report of the Fund Administrator

During the year under review, the performance of the fund was exemplary. The fund was able to earn Kenya shillings 41.6 million being revenue from exchange transactions (Interest income) which translates to 25% increase from the previous financial year 2023/2024 which stood at KES 33.45 million. This increase in earnings was boosted by the additional investment of unutilized fund in a fixed deposit which brought in over KES 23.8 million.

The fund reported a surplus of KES 21.9 million for the period ending 30th June 2025 which is an increase of KES 0.7 million when compared with the same period in financial year 2023/2024. The fund administrator re-invested the profit earned from fixed deposit as well as adding unutilized funds to the fixed deposit of KES 38.2 million. By the end the year ending 30th June 2025, the amount invested in fixed deposit stood at KES 300 million.

By the end of the year ending 30th June 2025, the Assembly had liabilities amounting to KES 11.7 million out of which KES 3.2 million were in relation to valuation and legal fees for the ongoing services. Additionally, an amount of KES 4.7 million was allowances due to committee members and KES 3.7 million related to unpaid administrative costs.

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

6. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

The key objectives of the Fund as per the regulations approved in the Assembly are to:

- a) Advance Car Loans facility to Members of County Assembly and Members of Staff.
- b) Advance Mortgage scheme to Members of County Assembly and Members of Staff.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Car Loan & Mortgage facilities Members of County Assembly	To ensure all Members have access to Car Loan and Mortgage facilities	Number of car loan and mortgages successfully applied for.	Percentage of Members who have taken Car Loan and Mortgage facilities	During financial year 2024-2025, only one Member of County Assembly and the speaker successfully applied for Mortgage facilities totaling to 5,970,000. This represents 11% of the total disbursements in the year. There was No application for a car loan during the year.
Provision Car Loan and of Mortgage facilities to all Members of Staff	To ensure all staff have access to Car Loan and Mortgage facilities	Number mortgages successfully applied	% of staff taking Mortgage facilities	During Financial year 2024-2025, 33 Members of Staff successfully applied for Mortgage facilities totaling to ksh

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

				47,740,000. This represents 89% of the total amount disbursed during the year. There was No application for a car loan during the year.
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**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

7. Corporate Governance Statement

The County Assembly of Nakuru Car Loan, Grant and Mortgage scheme fund was managed by the Loan Management Committee as stipulated in the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022. They consist of;

- a) The clerk who shall be the chairperson
- b) The Deputy Clerk or his/her nominee
- c) The Director Finance or his/her nominee
- d) The Director Human Resource Management or his/her nominee
- e) The Legal Counsel who shall be the secretary

The committee held 35 meeting during the year which were held on need basis to evaluate the progress of the fund.

The role of the committee is to;

- i) Supervise the day to day running of the fund,
- ii) Consider and approve loan applications presented by the person administering the fund,
- iii) Process applications for loans in accordance with the existing terms and conditions of borrowing,
- iv) Establish management guidelines and engage such staff as may be necessary to assist the committee and the officer administering the fund,
- v) Submit to the County Assembly Service Board quarterly reports on its undertaking,
- vi) Advise the County Assembly Service Board on the general management of the fund.

During the year under review, the committee approved and disbursed loans to members and staff totalling to KES 53.71 million.

The County Assembly Service Board and the loan management committee members conducted themselves as per the provision of Section 12(3)(b) of the Public Officer Ethics Act, 2003 which states that; A public officer whose personal interests' conflict with his official duties shall (a) declare the personal interests to his superior or other appropriate body and comply with any directions to avoid the conflict. No conflict of interest was reported in the year.

Section 6(7) of the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 provides for payment of allowances and other expenses as may be approved from time to time. During the year, the committee approved for payment of allowances of the loan committee members totalling to 9.5 million and KES 5.7 million

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

being fund administration expenses which were paid to the fund manager. Additionally, the board is currently working on the board/trustee's charter. Also, no training/Induction was done during the year due to lack of budget provisions but the same has been addressed in the current year.

8. Management Discussion and Analysis

During the year under review, the performance of the fund was exemplary. The fund was able to earn KES 41.6 million being revenue from exchange transactions (Interest income) which translates to 25% increase from the previous period for the financial year 2023/2024 which stood at Kenya shillings 33.45 million. This was necessitated by the additional investment of unutilized fund in a fixed deposit which earned the fund over 23.8 million.

The fund reported a surplus of KES 21.9 million for the period ending 30th June 2025 which is an increase by KES 0.7 million when compared with the same period in financial year 2023/2024. The fund administrator also re-invested the profit earned from fixed deposit as well as adding unutilized funds to the fixed deposit of KES 38.2 million. By the end of the year ending 30th June 2025, the amount invested in fixed deposit stood at KES 300 million.

By the end of the year ending 30th June 2025, the Assembly had liabilities amounting to KES 11.7 million out of which KES 3.2million were in relation to valuation and legal fees for the ongoing services. Additionally, an amount of KES 4.7 million was allowances due to committee members and KES 3.7 million related to unpaid administrative costs.

9. Environmental and Sustainability Reporting

i. Sustainability strategy and profile -

Although the fund has achieved the major milestone in the financial year, which was to advance loans to members of the County assembly, a good number of staffs especially those with many years in service are yet to benefit from the scheme due to financial constraints.

ii. Environmental performance

The fund has not developed environmental policy to guide the organisation in environmental matters. However, the Assembly has outsourced fund administrator in order to reduce on paper work and other associated menace as a way of reducing environmental impact on organisation's product.

iii. Employee welfare

In running the fund, the Loan management committee which is mandated with day to day running of the fund draws its employees from the County Assembly establishment. Currently, the composition of the committee is compliant with the two third gender rule. The management has also outsourced the fund manager to help in administering the same. The office is compliant with safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iv. Market place practices-

The Assembly outsourced management services of the fund. The process was competitively done through National tender where the advert was done on the dailies. The process complied with all procurement requirements where M/s Family Bank was declared the winner of the tender.

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

10. Report of The Administration Committee

The Committee submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to advance Car Loans and Mortgage to Members of County Assembly and Members of Staff.

Results

The results of the Fund for the year ended June 30, 2025 are set out on pages 1 to 4.


Committee Members

The Members of the Administrative Board who served during the year are shown on page viii.

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 for the period ended June 30, 2025.

By Order of the Committee


.....

Joseph M. Malinda

Chair of Fund Administration Committee

Date: 9/10/25

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each year, the Administrator of a County Public Fund established by The Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 shall prepare financial statements for the of Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund is responsible for the preparation and presentation of the Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund financial statements, which give a true and fair view of the state of affairs of the of Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund for and as at the end of the year ended on 30th June 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the of The Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme 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 of The Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Selecting and applying appropriate accounting policies; and
- (v) Making accounting estimates that are reasonable in the circumstances.

The Administrator of Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund accepts responsibility for the of Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund 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

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

The Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022. The Fund Administrator is of the opinion that the Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund financial statements give a true and fair view of the state of Fund's transactions during the year ended 30th June 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund financial statements as well as the adequacy of the systems of internal financial control.

In preparing the quarterly financial statements, the Administrator of the Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 9/10 2025 and signed on its behalf by:

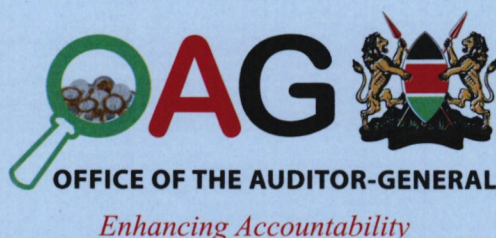

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Joseph M. Malinda

Clerk to the County Assembly.

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 COUNTY ASSEMBLY OF NAKURU CAR LOAN, GRANT AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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 County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund set out on pages 1 to 33, which comprise

of the statement of financial position as at 30 June, 2025 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 County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported General Expenses

The statement of financial performance reflects general expenses of Kshs.13,212,075 as disclosed in Note 7 to the financial statements. The expenditure increased by an amount of Kshs.8,245,216 from the previous year amount of Kshs.4,966,859 representing an increase of 166%. Management did not provide an explanation or justification for the significant increase in the expenditure.

Further, the expenditure comprised of amounts of Kshs.3,646,075 and Kshs.9,566,000 in respect of withholding tax on interest earned and Committee allowances. Review of records revealed that the Committee allowances amounting to Kshs.9,566,000 include per diems claimed by Committee members for various workshops and retreats for report writing held in Naivasha and Nyahururu on various dates. However, there was no evidence that the Committee performed its role of approving loan applications as there were no evidence of such approvals through minutes of meetings by the Committee. In addition, review of the transport reimbursements claimed by Committee members revealed that they were not supported with work tickets as evidence of travelling.

In the circumstances, the accuracy and completeness of the Committee allowances amount of Kshs.9,566,000 could not be confirmed.

2. Unsupported Revaluation Loss (Car Grant)

The statement of changes in net assets reflects an accumulated fund balance of Kshs.85,257,894 which includes a revaluation loss (car grant) amount of Kshs.8,048,200. However, the Management did not provide any documentation or records to support the revaluation loss.

In the circumstances, the accuracy and completeness of revaluation loss (car grant) amount of Kshs.8,048,200 as at 30 June, 2025 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.97,016,349 and Kshs.41,640,140 respectively resulting to an under-funding of Kshs.55,376,209 or 57% of the budget. Further, the statement reflects actual expenditure of Kshs.19,678,759 against the actual receipts of Kshs.41,640,140 resulting to an under-utilization of Kshs.21,961,381 or 53% of the actual receipts.

The under-funding and under-utilization affected the planned activities of the Fund and may have impacted negatively on service delivery to the Members of the scheme.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Buying off of Loans from Other Financial Institutions

The statement of cashflows reflects loan disbursements paid out amount of Kshs.53,710,000. Review of the loan disbursements records for the year under review, revealed that the Fund bought off loans amounting to Kshs.5,012,282 from other financial institutions. However, no evidence was provided to indicate that these loans from the other financial institutions had initially been taken for the purpose of the purchase of cars and mortgages. It was therefore not possible to confirm that the funds had been utilized as per the Fund's regulations which may lead to irregular management of the Fund's resources.

This is contrary to Regulation 21 of the Public Finance management (The Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations 2022 which states that a loan obtained under these Regulations shall be utilized for the purchase, development, renovation or repair of residential property for the occupation of the applicant and his/her immediate family.

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

2. Irregular Issuance of Mortgage Top Ups

The statement of cashflows reflects loan disbursements paid out amount of Kshs.53,710,000. Included in the balance is an amount of Kshs.24,460,000 paid to the staff of Nakuru County Assembly as mortgage top-ups. However, Management did not provide the authority or justification for the disbursement related to the mortgage top-ups. Further, there was no application letters from individuals to show the purpose of the amount paid as top-up. This is contrary to the Regulation 28 (7) of the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 which states that no borrower shall be eligible for more than one loan at a time or more than a total of two loans from the fund.

In circumstances, Management was in breach of the regulations.

3. Failure to Adhere to a Third of Basic Pay Rule on Loans Disbursement

The statement of cash flows reflects loan disbursements paid out amount of Kshs.53,710,000. However, review of records revealed that the Fund approved loans amounting to Kshs.18,775,000 for eleven (11) applicants whose net amount payable after the deduction were below the one third of the borrowers' basic salaries. This is contrary to Regulation 13(2) of the Public Finance Management Act (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 which states that the Committee shall ensure that in disbursing any loan under these Regulations, the net amount payable to a Member of the scheme after all deductions shall not be less than one thirds of the borrower's basic salary.

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

4. Irregular Maintenance of the Fixed Deposit Account

The statement of financial position reflects cash and cash equivalent balance of Kshs.326,044,547 which included an Kshs.300,000,000 held in a fixed deposit account at a local bank. However, Management has not provided any evidence to indicate whether the bank was identified through a competitive bidding process.

In the circumstances, the regularity of the fixed deposits balance of Kshs.300,000,000 as at 30 June, 2025 could not be confirmed.

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

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

Conclusion

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

Basis for Conclusion

Long Outstanding Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.11,706,775 which included trade payables of Kshs.3,210,300 which relates to valuation and legal fees. Review of the movement schedule of the trade payables revealed an amount of Kshs.3,178,300 relating to valuation and legal fees which has been outstanding for more than one (1) year.

In the circumstances, the Fund may incur unnecessary and avoidable costs of interest and penalties related to delayed payment to creditors.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS

AUDITOR-GENERAL

Nairobi

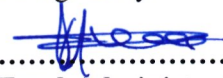
29 October, 2025

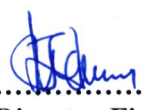
County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

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

Description	Note	FY 2024/2025	FY 2023/2024
		KES	KES
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	41,640,140	33,450,611
Other Income	5	-	-
Total Revenue		41,640,140	33,450,611
Expenses			
Fund administration expenses	6	5,777,660	6,511,185
General expenses	7	13,212,075	4,966,859
Finance costs	9	689,024	698,176
Total Expenses		19,678,759	12,176,220
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		21,961,382	21,274,391

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 9/10 2025 and signed by:


.....
Fund Administrator
Joseph M. Malinda


.....
Director Finance
CPA Jane N. Waweru
ICPAK Member No. 7941.

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025


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

Description	Note	FY 2024/2025	FY 2023/2024
		KES	KES
Assets			
Current Assets			
Cash and Cash Equivalents	10	326,044,547	243,053,549
Current Portion of Long- Term Receivables from Exchange Transactions	11	136,182,138	114,181,092
Prepayments	13		4,024,100
Receivables from Non-Exchange Transactions	14	56,085,112	-
Investments in financial assets		-	-
Total current assets		518,311,797	361,258,741
Non-Current Assets			
Property, Plant and Equipment		-	-
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions	11	430,072,345	505,420,333
Investment Property		-	-
Total non- current assets		430,072,345	505,420,333
Total Assets (A)		948,384,143	866,679,074
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	12 (a)	11,706,775	-
Current Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Social benefit liabilities		-	-
Total current liabilities		11,706,775	-
Non-Current Liabilities			
Non-Current Provisions		-	-


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Description	Note	FY 2024/2025	FY 2023/2024
		KES	KES
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit Obligation		-	-
Social benefit liabilities		-	-
Total Liabilities (B)		11,706,775	-
Net Assets (A-B)		936,677,368	866,679,074
Represented By:			
Revolving Fund		851,419,474	795,334,362
Reserves		-	-
Accumulated Surplus		85,257,894	71,344,712
Net Assets		936,677,368	866,679,074

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 9/10 2025 and signed by:



Fund Administrator
Joseph M. Malinda.



Director Finance
CPA Jane N. Waweru
ICPAK Member No. 7941.

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KES	KES	KES
Balance as at 1 July 2023	776,153,529	-	50,070,321	467,019,517
Surplus/(deficit) for the period		-	21,274,391	21,274,391
Funds received during the year	19,180,833	-		19,180,833
Revaluation gain		-	-	-
Balance as at 30 June 2024	795,334,362	-	71,344,712	866,679,074
				-
Balance as at 1 July 2024	795,334,362	-	71,344,712	866,679,074
Surplus/(deficit) for the period		-	21,961,382	21,961,382
Funds receivable during the year	56,085,112	-		56,085,112
Transfers				
Revaluation gain/Loss (Car Grant)		-	(8,048,200)	(8,048,200)
Balance as at 30th June 2025	851,419,474	-	85,257,894	936,677,368

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
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16. Statement of Cash Flows for The Year Ended 30th June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		KES	KES
Cash flows from operating activities			
Receipts			
Public contributions and donations			-
Transfers from the county government		-	19,180,833
Interest received	4	40,273,438	28,223,763
Receipts from other operating activities		-	-
Total receipts		40,273,438	47,404,596
Payments			
Fund administration expenses	6	(2,013,185)	(6,511,185)
General expenses	7	(8,480,075)	(4,966,859)
Finance cost	9	(631,424)	(698,176)
Other payments		-	-
Total Payments		(11,124,684)	(12,176,220)
Adjusted for:			
Increase/(Decrease) in Legal and Valuation Fees	12 (b)	(813,800)	115,000
Total		28,334,954	35,343,376
Net cash flows from operating activities		28,334,954	35,343,376
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		108,366,043	111,074,409
Loan disbursements paid out		(53,710,000)	(101,990,000)
Net cash flows used in investing activities		54,656,043	9,084,409
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash		82,990,997	44,427,785

County Assembly of Nakuru
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Equivalents			
Cash and cash equivalents at 1 July	10	243,053,549	198,625,764
Cash and cash equivalents at 30 June	10	326,044,546	243,053,549

County Assembly of Nakuru
 Car Loan, Grant and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended 30th June, 2025

17. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	KES	KES	KES	KES	KES	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue	KES	KES	KES	KES	KES	
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.		56,085,112.00	56,085,112.00	-	56,085,112	0%
Interest income - Car and Mortgage	18,431,237	-	18,431,237	17,839,288	591,949	97%
- Fixed Deposit	22,500,000	-	22,500,000	23,800,852	(1,300,852)	106%
Total income	40,931,237	56,085,112	97,016,349	41,640,140	55,376,209	43%
	.					
Expenses						
Capital Tranfer		56,085,112	56,085,112	-	56,085,112	0%
Fund administration expenses	9,518,746	-	9,518,746	5,777,660	3,741,086	61%
General expenses	20,000,000	-	20,000,000	13,212,075	6,787,925	66%
Finance cost	880,000	-	880,000	689,024	190,977	78%
Total expenditure	30,398,746	56,085,112	86,483,858	19,678,759	66,805,099	23%
Surplus for the period	10,532,492	-	10,532,492	21,961,382	(11,428,890)	

Budget notes

The Committee administering the fund purposed to minimize the cost and increase the revenue since the fund is a profit-making entity.

County Assembly of Nakuru
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- i) The fund exceeded the budgeted revenue on fixed deposit by Ksh 1.3 million a clear indicator of the dedication and commitment of the fund administration committee.
- ii) During the FY 2024/2025, The fund budgeted for ksh 56 million which was a support from the County Assembly of Nakuru. This was aimed at boosting the revolving fund. Although the money was not received during the financial year, it was treated as receivable income and was received in July 2025. This affected both the revenue and expenditure.
- iii) On expenditure, all planned activities were carried out during the year while observing austerity measures of reducing/avoiding unnecessary expenditure. The reduction on general expenses was a deliberate move to reduce expenditure.
- iv) The reduction on administration expenses and finance costs was a result of low number of loan applicants and reduction on loan disbursements during the year.

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund) regulations 2022 is established by and derives its authority and accountability from Public Finance Management Act, 2012. The fund is wholly owned by the Nakuru County Government and is domiciled in Kenya. The funds' principal activity is to advance Car Loans and Mortgages to Members of the County Assembly and staff.

2. Statement of compliance and basis of preparation

The Nakuru County Assembly Car Loan, Grant & Mortgage Scheme 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 2025

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 2025.

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

County Assembly of Nakuru
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Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> 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.

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

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

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024-2025.

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

4. 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.

b) Budget information

The original budget for Financial Year 2024- 2025 was approved by the County Assembly on 25th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations for the FY 2024/2025 budget following the governing body's approval.

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.

County Assembly of Nakuru
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Annual Report and Financial Statements for the year ended 30th June, 2025

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

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 schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented.

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 of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the Assembly 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.

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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.

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
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 Fund.

e) Provisions

Provisions are recognized when the Fund 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 Fund recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

The Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 Fund creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Fund 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.

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
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 Fund 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.

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
Notes To the Financial Statements Continued

1. Public contributions and donations

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Transfers to Car Loan and mortgage	-	-
Payments by County on behalf of the entity		-
Total	-	-

2. Transfers from County Government

Description	Transfers Received During FY 2024/2025	Differed Income as at 30th June 2025	Total Receipts for FY 2024/2025	FY 2023/2024
	KES			KES
Transfers to Car Loan and mortgage	-	56,085,112	56,085,112	19,180,833
Payments by County on behalf of the entity				-
Total	-	56,085,112	56,085,112	19,180,833

3. Fines, penalties and other levies

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

4. Interest income

*Description	Interest Received During the FY 2024/2025	Add: Interest Earned but not received as at 30th June 2025	Total Interest earned in the FY 2024/2025	FY 2023/2024
	KShs	KShs	KShs	KShs
Interest income from loans(mortgage or car loans)	15,966,278	1,366,702	17,332,980	21,004,037
Interest income from Fixed Deposit	23,800,852		23,800,852	12,446,574
Interest on unutilized funds	506,308		506,308	
Total interest income	40,273,438	1,366,702	41,640,140	33,450,611

5. Other income

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Fund Administration expenses

Description	Total cost paid as at 30th June 2025	Add: Accrued Expense as at 30th June 2025	Total Cost for FY 2024/2025	FY 2023/2024
	KShs	KShs	KShs	KShs
Professional service cost	2,013,185	3,764,475	5,777,660	6,511,185
			-	
Total	2,013,185	3,764,475	5,777,660	6,511,185

County Assembly of Nakuru
 Car Loan, Grant and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended 30th June, 2025
 7. General Expenses

Description	Total cost paid as at 30th June 2025	Add: Accrued Expense as at 30th June 2025	Total Cost for FY 2024/2025	FY 2023/2024
	KShs	KShs	KShs	KShs
General Expenses				
Withholding tax on Interest Earned	3,646,075	-	3,646,075	1,082,959
Administration fees			-	
Committee Allowances	4,834,000	4,732,000	9,566,000	3,691,500
Bank Charges			-	
Valuation Fees			-	192,400
Legal fees			-	
Total	8,480,075	4,732,000	13,212,075	4,966,859

8. Depreciation and Amortization Expenses

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	Total cost paid as at 30th June 2025	Add: Accrued Expense as at 30th June 2025	Total Cost for FY 2024/2025	FY 2023/2024
	KShs	KShs	KShs	KShs
Bank Charges	4,543		4,543	5,280
Ledger fees	626,881	57,600	684,481	692,896
Total	631,424	57,600	689,024	698,176

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
10. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Main Fund Account	8,634,035	35,192,319
Interest Account	17,410,512	7,861,230
Remittance Account		-
Fixed deposits account	300,000,000	200,000,000
Others	-	-
Total cash and cash equivalents	326,044,547	243,053,549

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

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		KES	KES
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
FAMILY BANK MAIN ACCOUNT	18000055807	8,634,035	35,192,319
INTEREST ACCOUNT	18000067410	17,410,512	7,861,230
LOAN REMMITANCE ACCOUNT	18000073217	-	-
CONSOLIDATED BANK - FIXED DEPOSIT ACCOUNT	10161101000153	300,000,000	200,000,000
Sub- Total		326,044,547	243,053,549
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		326,044,547	243,053,549

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
11. Receivables from exchange transactions

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Current Receivables		
Interest receivable	4,978,170	5,226,848
Current loan repayments due	131,203,968	108,954,244
Other exchange debtors		
Less: impairment allowance		
Total Current receivables	136,182,138	114,181,092
Non-Current Receivables		
Long Term Loan Repayments Due	430,072,345	505,420,333
Total Non- Current Receivables	430,072,345	505,420,333
Total Receivables from Exchange Transactions	566,254,484	619,601,425

Additional disclosure on interest receivable

12. (a) Trade and other payables from exchange transactions

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Trade payables	3,210,300	4,024,100.00
Refundable deposits		-
Accrued expenses-Professional Costs	3,764,475	
Other payables- Committee Allowances	4,732,000	-
	11,706,775	4,024,100

12 (b) Detailed analysis of the Legal and Valuation Fees are as follows:

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Opening Balance	4,024,100	4,101,500
Add; Additional	750,200	115,000
less: Paid	(1,564,000)	(192,400)
Total	3,210,300.00	4,024,100.00

**County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025**

Ageing analysis (Trade and other payables)	Current FY 2024/2025	% of the Total	Comparative FY 2023/2024	% of the Total
Under one year	11,706,775	100%	4,024,100	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	11,706,775	-	4,024,100	-

13. Prepayment

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Opening Balance	-	4,101,500
Add; Additional	-	115,000
less: Paid	-	(192,400)
Total Inventories	-	4,024,100.00

14. Receivables from Non-Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Receivables from Non-Exchange Transactions	56,085,112	
Government imprest	-	
Total receivables from non- exchange transactions	56,085,112	

15. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

County Assembly of Nakuru
 Car Loan, Grant and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended 30th June, 2025
Other Disclosures Continued

e) Due to related parties

Description	FY 2024/2025	FY 2023/2024
	KES	KES
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

16. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2024/2025	FY 2023/2024
	KES	KES
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

17. 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 KES	Fully performing KES	Past due KES	Impaired KES
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KES	KES	KES	KES
At 30 June (Current FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (Comparative FY)				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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.

County Assembly of Nakuru

Car Loan, Grant and Mortgage Scheme Fund

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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
	KES	KES	KES
At 30 June (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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
	KES	KES	KES
(Current FY)			
Euro	10%	-	-

County Assembly of Nakuru
 Car Loan, Grant and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended 30th June, 2025

USD	10%	-	-
(Comparative FY)			
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 endeavored to bank with institutions that offer favorable 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.

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	FY 2024/2025	FY 2023/2024
	KES	KES
Revaluation reserve	851,419,474	795,334,362
Revolving fund	-	-
Accumulated surplus	85,257,894	71,344,712
Total funds	936,677,368	866,679,074
Total borrowings	-	-
Less: cash and bank balances	(326,044,547)	(243,053,549)
Net debt/(excess cash and cash equivalents)	554,547,709	623,625,525
Gearing	35%	28%

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The Nakuru County Assembly Car Loan and Mortgage Fund was established under County Government of Nakuru Car Loan and Mortgage Scheme Fund Regulations of 2014. The regulations were amended on 19th October, 2022 to read The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund). Its ultimate parent is the County Assembly of Nakuru.

20. Currency

The financial statements are presented in Kenya Shillings (KES)

19. Annexes

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

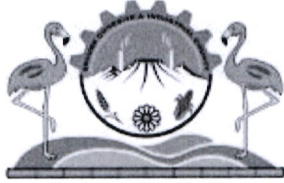
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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 financial statements	The Management addresses the inaccuracies in the financial statements	Resolved	
2	Irregular payment of Valuation and Legal Fees	The valuation and legal fees treatment in the financial statement has been corrected in the financial year 2024-2025	Resolved	
3	Variance in the current portion of long-term receivables from exchange transactions	Correction was done in the schedules	Resolved	
4	Accuracy of the prepayments balance	The prepayment in the financial statements has been properly treated by creating a liability account	Resolved	
5	Irregular Issuance of Mortgage top-ups	The top-ups were based on the SRC qualifying amount which was disbursed in phases	Ongoing	
6	Failure to Adhere to a third of basic pay rule on loan disbursement	This was attributed by the introduction of statutory deductions like housing levy and NSSF increment.	Ongoing	

Fund Administrator 

Date.....9/10/25.....

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025
Annex II: Inter-Fund Confirmation Letter



COUNTY GOVERNMENT OF NAKURU
COUNTY ASSEMBLY OF NAKURU
OFFICE OF THE CLERK TO THE ASSEMBLY

COUNTY ASSEMBLY OF NAKURU
CAR LOAN, GRANT AND MORTGAGE SCHEME FUND
P. O. BOX 907-20100
NAKURU

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

Confirmation of amounts received by County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund as at 30 th June 2025								
Reference Number	Date Disbursed	Amounts Disbursed to the Fund (Kshs) as at 30 th June 2025				Total (D)=(A+B+C)	Amount Received by County Assembly of Nakuru Car Loan, Grant and Mortgage	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				

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							Scheme Fund (KShs) as at 30 th June 2025 (E)	
							Nil	
Total								

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

Fund Administrator

Name Joseph Mshinda Sign [Signature] Date 9/10/25

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

Annex IV: Reporting on Disaster Management Expenditure

County Assembly of Nakuru
Car Loan, Grant and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2025

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