

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 12 MAR 2026

DAY.
THUR

PARLIAMENT
OF KENYA
LIBRARY

TABLED BY:	Deputy Leader of the Majority Party HON. DWEN BATA, MP
CLERK-AT-THE-TABLE:	MERCI CHUMBO

OF

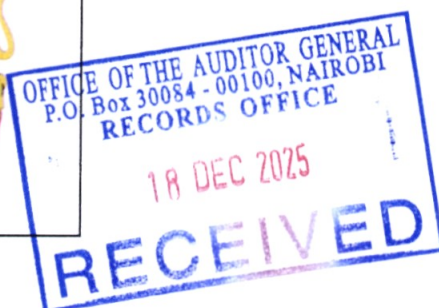
THE AUDITOR-GENERAL

ON

**KENYA SLUM UPGRADING, LOW-COST
HOUSING AND INFRASTRUCTURE
TRUST FUND**

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

**STATE DEPARTMENT FOR HOUSING
AND URBAN DEVELOPMENT**



**KENYA SLUM UPGRADING, LOW-COST HOUSING AND
INFRASTRUCTURE TRUST FUND (KENSUF)**

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

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

Contents

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Entity Information and Management	iii
3.	The Board of Trustees/Fund Administration Committee.....	vi
4.	The Management Team	vii
5.	Chairman’s Report.....	viii
6.	The Report of The Fund Manager/Administrator	xi
7.	Statement of Performance Against Predetermined Objectives.....	xiv
8.	Corporate Governance Statement.....	xv
9.	Management Discussion and Analysis	xvi
10.	Environmental and Sustainability Reporting.....	xvii
11.	Report of The Trustees/ Fund Administration Committee.....	xviii
12.	Statement of Management’s Responsibilities	xix
13.	Report of the Independent Auditor for the Financial Statements	xxi
14.	Statement of Financial Performance for the Year Ended 30 June, 2025	1
15.	Statement of Financial Position as at 30 June 2025	2
16.	Statement of Changes in Net Assets for the year ended 30 June 2025	4
17.	Statement of Cash Flows for the Year Ended 30 June, 2025	5
18.	Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2025.....	6
19.	Notes to the Financial Statements	7
20.	Annexes	31

1. Acronyms and Definition of Key Terms

A: Acronyms

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

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.

(This list is an indication of the common acronyms and abbreviations; The Entity should customize the acronyms and abbreviations to capture all that has been used in the preparation)

2. Key Entity Information and Management

a) Background information

Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF) was formed on 22nd December 2006, through a gazette notice no. 51, by legal notice no. 168 under the Government Financial Management Act no. 5 of 2004.

At Cabinet level, the Trust Fund is represented by the Cabinet Secretary for Housing and Urban Development who is responsible for the general policy and strategic direction of the fund.

b) Principal Activities

The principal activity/mission/ mandate of the Trust Fund is to provide funds for slum upgrading, low-cost housing and infrastructure programs to support housing development.

c) Board of Trustees/ Fund Administration Committee

The *Entity's* day-to-day management is under the following key organs:

SN	Position	Name
1	Chairperson	Charles Hinga
2	Other trustees/Committee Members	George Charles Omondi
3	Fund Manager/ Administrator	Mary Wanjiku Ndung'u
SN	Position	Name

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Key Fund and Information Management (Continued)

d) Key Management

SN	Position	Name
1	Fund Manager/ Administrator	Mary Ndung'u
2	Fund Accountant	David Musau
3.	Procurement Officer	Emily Korir

e) Fiduciary Oversight Arrangements

Provide a high-level description of the key fiduciary oversight arrangements covering (say):

SN	Position	Name
1	Directorate Internal Audit	Isaac Sitati Munyifwa

f) Registered Offices

Ardhi House, 2nd Floor
Ngong Road.
P.O. Box 30119-00100
Nairobi, Kenya

g) Fund Contacts

Telephone: (254) 20-2718050
E-mail: PS@ardhihouse.co.ke
Website: www.ardhi.go.ke

h) Fund Bankers

Cooperative Bank of Kenya,
Parliament Road Branch
P.O. Box 48231-0010
Nairobi, Kenya
Housing Finance Company
Rehani House Branch
P.O. Box 30088
Nairobi

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Key Fund and Information Management (Continued)

i) Independent Auditor

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200




Nairobi, Kenya

3. The Board of Trustees/Fund Administration Committee

Name	Details of qualifications and experience
 <p data-bbox="140 745 497 898">1. Mr. Charles M. Hinga, CBS, CA(SA) Principal Secretary State Department of Housing and Urban Development</p>	<p data-bbox="539 398 1495 824"><i>Mr. Hinga was born in 1975. He is a Chartered Accountant (CA) and holds a Bachelor of Commerce (Accounting) degree from Kenyatta University in addition to Bachelor of Accounting Science (Honors) from University of South Africa. His core competencies include project and structured finance, deal structuring and business development. Until the time of his appointment as the Principal Secretary of Housing and Urban Development he was the Group Chairman of an advisory boutique with presence in South Africa and Kenya</i></p>
 <p data-bbox="118 1245 331 1279">2. Mary Ndung'u</p>	<p data-bbox="539 902 1422 1104"><i>Mary Ndung'u holds a degree in Social Sciences from University of Nairobi, Masters in Environmental Planning and Management from University of Nairobi, Postgraduate Diploma in Housing. She has 30 years of experience housing and urban development sector.</i></p>

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

4. The Management Team

Name	Details of qualifications and experience
 <p><i>Mary Wanjiku Ndung'u</i> Director</p>	<p><i>Mary Ndung'u holds a degree in Social Sciences from University of Nairobi, Masters of Environmental Planning and Management from University of Nairobi, Postgraduate Diploma in Housing. She has 30 years of experience housing and urban development sector.</i></p>
 <p><i>CPA Nelson Mose Osioru</i> Senior Deputy Accountant General</p>	<p><i>Nelson Mose Osioru is a Senior Deputy Accountant General in charge of Accounting Unit. He holds a Masters of Business Administration in Finance (Jomo Kenyatta University of Agriculture and Technology), BCOM Finance and Executive Diploma in Financial Management (KCA University). He is member of the Institute of Certified Public Accountant of Kenya (ICPAK). He has over 20 years of experience in public sectors.</i></p>
 <p><i>George Charles Omondi</i> Deputy Director</p>	<p><i>George Omondi holds a degree in Building Economics from University of Nairobi, Masters in Project Planning and Management from UoN. He has experience of over 30 years in quantity surveying.</i></p>
<p><i>(Note: The Fund Administrator will feature under both the 'Trustee/Fund committee' and 'Management').</i></p>	

5. Chairman's Report

The Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF) implements programs, projects and activities aimed at improving the lives and livelihood of people living and working in slums/informal settlements countrywide. In its pursuit of this core mandate, the Programme is fulfilling the constitutional mandate under Article 43 (1) (b) of the Constitution of Kenya 2010 which emphasizes the right of every person to accessible and adequate housing and to reasonable standards of sanitation.

Project implementation

The Programme seeks to fulfill two key strategic objectives namely: - To facilitate access to adequate housing and to improve livelihoods of people living and working in slums and informal settlements.

Towards this goal, the Trust Fund has two mega projects that have been part of the Ministerial Performance Contract. These include redevelopment of 822 houses and infrastructure in Kibera Soweto Zone A at a total cost of 2,908,440,769 and construction of 463 houses at Mavoko SNP Athi River at a total cost of 1,340,022,248. The Kibera housing project is 100% complete with housing units fully occupied. The Project has also delivered other social infrastructures such as social halls, Youth Centre and markets stalls. The Mavoko project on the other hand is 100% complete and the houses are fully occupied. The project also has other social infrastructures such as school, commercial buildings, police station, Health Centre and market sheds.



Impact on the Community

The programme was initiated with a core poverty mandate to upgrade, prevent and eradicate slums

in Kenya. The projects supported through this programme are geared towards the provision of social and physical infrastructure to the residents living and working in slums and informal settlements.



On a pilot basis, the programme has managed to construct a total of 1,284 No. of housing units and provided them at subsidized costs to slum residents. Under this arrangement, a total of 822 households have been allocated decent houses through the Kibera Soweto East Zone 'A' project also, Mavoko Sustainable Neighborhood Programme is complete and the resident allocated the houses. These projects have brought positive impact to the slum communities who are perceived to be marginalized by the mainstream housing market and thus served to uplift their welfare.

Planned projects

The Trust Fund has commenced development of an additional 20,825 social housing units and associated infrastructure. This has started with bedsitter units which is part of the 13,700 houses at the Kenya Meteorological site in Industrial Area of which 1,080 house are complete and handed over to the community. The construction of 4,435 houses in Kibera Soweto East Zone 'B', is ongoing, while 2,690 units in Mariguini Informal Settlements and Mavoko SNP infills has been advertised. Additional infrastructure comprising of mass lighting projects, roads and school construction as well as other social amenities has been scheduled in slums and informal settlements in various counties. The projects are estimated to cost Ksh 29,615,418,329.00 in the coming years

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.



Way Forward

The government remains committed in uplifting the lives of the low-income Kenyans through this programme. This is evident from the budget allocations by the National Treasury which has enabled the Trust to progress well with its mandate. However, there is still need for the government to seek other sources of funds including engaging development partners to enable the Trust Fund discharge its mandate more effectively.

A handwritten signature in black ink, appearing to be 'C. Hinga', written over a horizontal line.

Charles M. Hinga, CBS, CA(SA)
Principal Secretary

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

6. The Report of The Fund Manager/Administrator

Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Construction of Social Housing			
Improve livelihoods of people living and working in slums and informal areas	No. of units	Construction of 13,700 housing units at Kenya Meteorological site at Mukuru of which 1,080 housing units completed	8% completed
	Percentage of completion	Construction of 12,620 housing units at the Kenya Meteorological Site at Mukuru	ongoing
	Percentage of completion	Construction of 4,435 housing units at Kibera Soweto Zone 'B'	ongoing
	Percentage of completion	Construction of 2690 social housing units at Mariguini Informal area	Planning ongoing
Pillar/ theme/ issue 2: Installation of Physical and Social Infrastructure in Slums and Informal Areas			
Installation of 9No. Highmast flood lighting structures in Bungoma County	Percentage of completion	Construction of Naruku Bus Park in Nakuru County.	100% Complete
	Percentage of completion	Construction of Dinning Hall and Dormitory at Alliance High School.	92% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Mogotio Baringo County.	48.89% Complete
	Percentage of completion	Installation of Solar powered high mast floodlighting structures Sigor Bomet County.	52.20% Complete
	Percentage of completion	Installation of 6no. Solar powered high mast floodlighting structures Nyaribari Masaba and Bobasi Kisii County.	40% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Thika West and Thika East Kiambu County.	65% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Oljorok Nyandarua County.	33% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Ikolmani Kakamega County.	57% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Buura Tana River County.	45% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Katemboni and Kameo Machakos County. .	40% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Funyula Busia County.	57% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Suba South Homabay County.	31% Completed
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Gatundu North Kiambu County	65% Complete
	Percentage of completion	Construction of classroom Block and Repair of existing Classrooms at Gitothua Primary School, Kiambu County.	48.70% Complete

Annual Report and Financial Statements for the year ended June 30, 2025.

Objective	Key Performance Indicators	Activities	Achievements
	Percentage of completion	Construction of Multipurpose Hall and completion of Dormitory at Naivasha boys boarding Primary Nakuru County	75% Complete
	Percentage of completion	Construction of classroom Block and Repair of existing Classrooms at Githurai Primary School, Kiambu County	50% Complete
	Percentage of completion	Construction of Market Shed in Kiamaina Nakuru County	65% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Ugenya Siaya County .	50% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Teso North Busia County	50% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Kitutu Masaba Nyamira County	35% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting Emurua Dikirr Narok County	50% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Lugari Kakamega County	50% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Kipkeikei County	62% Complete
	Percentage of completion	Installation of 4no. Solar powered high mast floodlighting structures Kitui Rural Kitui County	40% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Navakholo Kakamega County	28% Complete
	Percentage of completion	Installation of 2no. Solar powered high mast floodlighting structures Kilifi North Kilifi County	60% Complete
	Percentage of completion	Installation of 5no. Solar powered high mast floodlighting structures Kaiti and Kibwezi Makueni County	60% Complete
	Percentage of completion	Construction of Tuition block and Associated works at Githura Primary School Nyeri	15% Complete
	Percentage of completion	Installation of water Harvesting infrastructure in 4No. schools in Subukia Nakuru County	100% Complete
	Percentage of completion	Construction of 10 classroom at Limuko Primary in Bahati Nakuru County	20% Complete
	Percentage of completion	Construction of market Sheds, Office, Ablution block and external works in Esise Nyamira	98% Complete
	Percentage of completion	Installation of 1No. electric powered high mast structures in shimo la Tewa Kilifi County	100% Complete
	Percentage of completion	Construction of classroom block and repairs at Thindigua Primary School Kiambu County	100% Complete
	Percentage of completion	Enumeration and social economic survey in Kiambiu, Kibera C&D, Maringuini and Mukuru in Nairobi County	100% Complete

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Objective	Key Performance Indicators	Activities	Achievements
	Percentage of completion	Construction Civil & other Associated Works for Social Housing Project at Meteorological Site (Lot 1)	40% Ongoing
	Percentage of completion	Civil & other Associated Works for Social Housing Project at Meteorological Site (Lot 2)	40% Ongoing
	Percentage of completion	Proposed Outbuilding and Associated Electromechanical Services Works for Social Housing Project at Meteorological Site (Lot 3)	40% Ongoing
	Percentage of completion	Construction of Mlimani Primary School, Nakuru	100% complete
	Percentage of completion	Construction of Health Centre at Kisumu Ndogo Informal Settlement, Malindi - Kilifi County	100% complete

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

7. Statement of Performance Against Predetermined Objectives

The Trustees submit their report together with the audited financial statements for the year ended 30th June 2025, in accordance with the provisions of Section 81 of the Public Finance Management Act, 2012.

Principal activities

The mandate of the Trust Fund is to implement programmes, projects and activities aimed at improving the lives and livelihood of people living and working in slums and informal settlements countrywide.

Results

The results for the Trust Fund for the financial year ended 30 June 2025 are set out on page 1.

Trustees

The trustees who held office during the year and to the date of this report are set out on page vi.

Auditors

The Auditor General is responsible for the statutory audit of the Trust Fund's books of account in accordance with the provisions of Article 229 of the Constitution of Kenya and the Public Audit Act, 2015

By order of the Trustees



Charles M. Hinga, CBS, CA(SA)
Principal Secretary

8. Corporate Governance Statement

Section 81 of the Public Finance Management Act, 2012 and Government Financial Trustees Act no.5 of 2004, require the Trustees to prepare financial statements in respect of the Trust Fund, which give a true and fair view of the state of affairs of the Trust Fund at the end of the financial year and the operating results of the Trust Fund for that year. The trustees are also required to ensure that the Trust Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Trust Fund. The trustees are also responsible for safeguarding the assets of the Trust Fund.


The Trustees are responsible for the preparation and presentation of the Trust Fund’s financial statements, which give a true and fair view of the state of affairs of the Trust Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

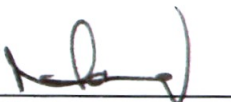
The Trustees accept responsibility for the Trust Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Government Financial Trustees Act. The Trustees are of the opinion that the Trust Fund’s financial statements give a true and fair view of the state of Trust Fund’s transactions during the financial year ended June 30, 2025, and of the Trust Fund’s financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Trust Fund, which have been relied upon in the preparation of the Trust Fund’s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Trustees to indicate that the Trust 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 Trust Fund’s financial statements were approved by the Trustees on 2ND DECEMBER 2025 and signed on its behalf by:


Trustee


Trustee

9. Management Discussion and Analysis

Operational Performance of the Fund

The Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF) implements programmes, projects and activities aimed at improving the lives and livelihood of people living and working in slums/informal settlements countrywide. In its pursuit of this core mandate, the Programme is fulfilling the constitutional mandate under Article 43 (1) (b) of the Constitution of Kenya 2010 which emphasizes the right of every person to accessible and adequate housing and to reasonable standards of sanitation.

The Programme seeks to fulfill two key strategic objectives namely: - To facilitate access to adequate housing and to improve livelihoods of people living and working in slums and informal settlements.

Towards this goal, the Trust Fund has two mega projects that have been part of the Ministerial Performance Contract. These include redevelopment of 822 houses and infrastructure in Kibera Soweto Zone A at a total cost of 2,908,440,769 and construction of 463 houses at Mavoko SNP Athi River at a total cost of 1,340,022,248. The Kibera housing project is 100% complete with housing units fully occupied and also Mavoko SNP housing project is 100% complete with housing units fully occupied.

10. Environmental and Sustainability Reporting

Sustainable Development

Reduction of slums – Reduction and ultimate eradication of slums through slum upgrading.

Decent work and economic growth – Increased productivity as a result of improved infrastructures within the informal settlements

Environmental Performance

To improve quality of life – provision of adequate lighting within the informal settlements through installation of high floodlight masts and improved infrastructure.

To protect the environment through unblocking and drainage of sewerage systems/line.

Community Engagement

Involve the community in public participation in the development and improvement of the informal settlements.

11. Report of The Trustees/ Fund Administration Committee

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

Principal activities

The principal activity of the Fund is improving the lives and livelihood of people living and working in slums/informal settlements countrywide

Performance

The performance of the Fund for the year ended June 30, 2025, is set out on page 1 of the Financial Statements

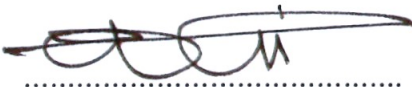
Trustees

The members of the Board of Trustee / *Administration Committee* who served during the year are shown on page vi.

Auditors

The Auditor-General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Chair of the Board/ Fund Administration Committee

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established *on 22 December 2006, through a gazette notice no. 51, by the legal notice no.168 under the Government Financial Management Act no.5 of 2004* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *through a gazette notice no. 51, by the legal notice no.168 under the Government Financial Management Act no.5 of 2004*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial*

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF))

Annual Report and Financial Statements for the year ended June 30, 2025.

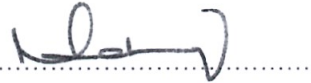
statements) or nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 2ND December 2025 and signed on its behalf by:



.....
Name: Charles M. Hinga
Chairman of the Fund



.....
Name: Mary W. Ndungu
Fund Administrator

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
E-mail: 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 KENYA SLUM UPGRADING, LOW-COST HOUSING AND INFRASTRUCTURE TRUST FUND FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund set out on pages 1 to 31, which comprise of

the statement of financial position as at 30 June, 2025, and the statement of performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust 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 Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Non-Recovery of Dues from Civil Servants Housing Fund

The statement of financial position and Note 12(a) to the financial statements reflects current and non-current receivables from exchange transactions balance of Kshs.103,609,990 and Kshs.1,213,068,392, respectively, all totalling to Ksh.1,316,678,382. Included in this balance is Civil Servants Housing Fund receivable balance of Kshs.65,000,000 which has remained constant from the previous financial year. The receivable arose from two hundred and twenty-seven (227) units which were allocated to Civil Servants Housing Fund with the understanding that they sell the houses for an amount of Kshs.632,150,000 to be remitted to Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund. However, an analysis of the mortgage receivables balance revealed that there were no recoveries made on the outstanding balance of Kshs.65,000,000. The balance has been outstanding for two years but no efforts appear to be put in place to recover the dues.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, one issue was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls. This includes failure to constitute a Board of Trustees for the Fund. Review of the status revealed that the Board members were actually gazetted through Kenya Gazette Notice No.17375 of 28 November, 2025.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 Board of Trustees

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

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

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

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

The Board of Trustees 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


19 December, 2025

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

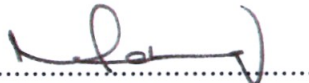
14. Statement of Financial Performance for the Year Ended 30 June, 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
REVENUE			
Revenue from non-exchange transactions			
Finance income	6	27,178,427	17,243,311
Rental Income	7b	910,000	227,500
Total revenue		28,088,427	17,470,811
EXPENDITURE			
Subsidy from Disposal of Houses	8	-	-
Administrative and Other operating Cost	9	57,209,208	57,428,349
Depreciation and amortization expense	10	67,432,683	67,979,727
Total expenses		124,641,891	125,408,076
Surplus/ Deficit for the year			
Surplus/ Deficit for the year		(96,553,464)	(107,937,265)

The Financial Statements were approved on 2ND DECEMBER, 2025 by:



Name: Charles M. Hinga
Principal Secretary



Name: Mary W. Ndung'u
Director/Fund Administrator



Name: Nelson M. Osioru
Senior Deputy Accountant General
ICPAK M/No: 7597

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

15. Statement of Financial Position as at 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	11	348,586,799	167,190,739
Receivables from Exchange Transactions	12	103,609,990	93,559,990
Rent Income Receivables	7b	910,000	227,500
Total Current Assets		453,106,789	260,978,229
Non-Current Assets			
Property, Plant and Equipment	14	2,496,381,539	2,563,814,222
Work in progress	13	4,790,589,469	9,979,588,852
Receivables from Exchange Transactions	12	1,206,671,148	990,981,091
Total Non- Current Assets		8,493,642,156	13,534,384,165
Total Assets (A)		8,946,748,945	13,795,362,394
Liabilities			
Payables from Exchange transactions	15	330,560,763	299,099,965
Payable amount owed to AHB	15	253,102,381	
Payables from exchange transactions			
Total Liabilities		583,663,144	299,099,965
Net Assets		8,363,085,801	13,496,262,429
Represented by:			
General Reserves		(19,667,069)	76,886,395
GOK Development Reserve		8,382,752,870	13,419,376,031
Total Net Assets and Liabilities		8,363,085,801	13,496,262,429

The accounting policies and explanatory notes to this financial statement form an integral part of the financial statements.

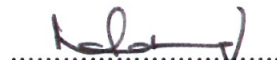
The Fund financial statements were approved on ^{2ND DECEMBER}..... 2025 and signed by:



Name: Charles M. Hinga
Principal Secretary



Name: Nelson M. Osioru
Senior Deputy Accountant
General
ICPAK No:7597



Name: Mary W. Ndung'u
Director/Fund Administrator

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

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

Description	General Reserve	GOK Development Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, (2023)	184,823,660	12,979,376,031		13,164,199,691
Surplus/ deficit for the year	(107,937,265)	-	-	(107,937,265)
Funds received during the year	-	440,000,000	-	440,000,000
Transfer				
As at June 30, 2024	76,886,395	13,419,376,031		13,496,262,426
As at July 1, 2024	76,886,395	13,419,376,031		13,496,262,426
Surplus/ (deficit) for the year	(96,553,464)			(96,553,464)
Funds received during the year		2,578,520,167		2,578,520,167
Transfers AHF Projects and others and Disposed under KENSUF		(6,277,405,912)		(6,277,405,912)
Transfers for Climate Works expenditure		(1,337,737,416)		(1,337,737,416)
As at June 30, 2025	(19,667,069)	8,382,752,870		8,363,085,801

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

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Governments Grants and Subsidies	6	2,578,520,167	440,000,000
Mortgage Installments	12	43,598,438	28,703,437
Proceed from Sale of Houses	12	-	35,000,000
House deposits	15	16,766,435	-
Finance income	7a	-	17,243,311
Rental Income and Savings		13,532,888	-
Net receipts from related parties		28,742,250	-
Total receipts		2,681,160,178	520,946,748
Payments			
Use of goods and services	9	56,715,100	57,107,690
Finance costs	9	494,108	320,659
Net Payments to Related Parties Climate Worx		1,337,737,416	-
Contractors and supervision costs	16	1,104,817,494	1,118,902,204
Total payments		2,499,764,118	1,176,330,553
Net cash flows from operating activities		181,396,060	(655,383,805)
Net increase/(decrease) in cash & cash equivalents		181,396,060	(655,383,805)
Cash and cash equivalents at 1 July 2024	11	167,190,739	822,574,544
Cash and cash equivalents at 30 June 2025	11	348,586,799	167,190,739

(IPSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance Difference	% of Utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Government Grants and Subsidies	0	2,578,520,167	2,578,520,167	2,578,520,167	0	100%
Finance Income	0	0	0	27,178,427	27,178,427	
Rental Income	0	0	0	910,000	(910,000)	
Total Revenue	0	2,578,520,167	2,578,520,167	2,606,608,594		
Expenditure						
Finance Costs	0	0	0	494,108	(494,108)	
Use of Goods and Services	0	70000,000	70,000,000	56,715,100	13,284,900	89%
Depreciation and Amortization	0	0	0	67,432,683	67,432,683	
Climate work payment	0	1,348,938,966	1,348,938,966	1,337,737,416	11,201,550	99%
Contractors and other payments	0	1,159,581,201	1,159,581,201	1,104,817,494	54,763,707	95%
Total Expenditure	0	2,578,520,167	2,578,520,167	2,567,195,801		100%
Surplus/Deficit				39,411,793		

19. Notes to the Financial Statements

1. General Information

Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF) was formed on 22nd December 2006, through a gazette notice no. 51, by legal notice no. 168 under the Government Financial Management Act no. 5 of 2004. At Cabinet level, the Trust Fund is represented by the Cabinet Secretary for Lands, Public Works, Housing and Urban Development who is responsible for the general policy and strategic direction of the fund.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, and financial instruments at fair value, impaired assets at their estimated recoverable amounts.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Trust.

The Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Financial Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007. The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

Several new and revised standards and interpretations were effective during the year. The directors have evaluated the impact of the new standards and interpretations and none of them had an impact on the Authority's financial statements.

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*
- 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:	<i>Applicable 1st January 2025</i>

Annual Report and Financial Statements for the year ended June 30, 2025.

<p>Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: 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.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from 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>Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50:</p>	<p>Applicable 1st January 2027</p>

Annual Report and Financial Statements for the year ended June 30, 2025.

Exploration For & Evaluation of Mineral Resources	<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> <ul 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.
---	---

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Significant Accounting Policies (Continued)

b. Budget information

The original budget for FY 2022-2023 was approved by the National Assembly on 9th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Trust Fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

c. Property, plant, and equipment (PPE)

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

Significant Accounting Policies (Continued)

d. Intangible assets

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

e. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

f. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Significant Accounting Policies (Continued)

I. Financial assets

Classification of financial assets

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Significant Accounting Policies (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

Significant Accounting Policies (Continued)

II. Financial liabilities

Classification

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

g. Contingent liabilities

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

h. Contingent assets

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i. Nature and purpose of reserves

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

j. Changes in accounting policies and estimates

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

Significant Accounting Policies (Continued)

k. Foreign currency transactions

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

l. Related parties

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

m. Cash and cash equivalents

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

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the State Department of Housing and Urban Development Its ultimate parent is the Government of Kenya.

q. Currency

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

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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (*see IPSAS 1.140.*)

b) Useful lives and residual values

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

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

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements

6 (a) Government Grants and Subsidies

Description	2024/2025	2023/2024
	KShs	KShs
GOK Development Funds	2,578,520,167	440,000,000
Transfer to Development Fund	(2,578,520,167)	(440,000,000)
Total	-	-

6 (b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to of Statement Financial performance. *	Amount recognised in revolving fund.	Total transfers	
			2024/2025	2023/2024
	KShs	KShs	KShs	KShs
State Department of Housing and Urban Development	-	-	-	440,000,000
Affordable Housing Board	2,578,520,167	2,578,520,167	2,578,520,167	-
Total	2,578,520,167	2,578,520,167	2,578,520,167	440,000,000

7 (a). Interest income

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Mortgage Interest	27,178,427	17,243,311
Interest on Call Deposits		
Other (Specify)	-	-
Total Interest Income	27,178,427	17,243,311

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

7 (b). Rental income Receivable

Description	2024/2025	2023/2024
	Kshs.	Kshs.
19 Houses Rental houses Mavoko Police	910,000	227,500
Total rental Income	910,000	227,500

8. Subsidy from Sale of Houses

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Sale Proceeds from Mavoko Houses	-	-
Cost of Houses Disposed	-	-
Total Other income		-

9. Administrative and Other Operating Costs

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Advertising	-	2,278,370
Other Administration Expenses	1,340,065	3,601,700
Conferences and Delegations	9,634,386	9,068,050
Water Charges	-	2,000,000
Consumables	6,463,635	3,745,045
Electricity	-	207,177
Vehicle Running Expenses	2,657,119	2,452,695
Insurance	-	2,280,725
Postage	300,000	180,000
Printing and Stationery	11,862,810	7,781,000
Security Costs	3,312,630	868,000
Telecommunications Costs	-	1,067,028
Travelling and subsistence	18,431,575	13,727,709
Training	1,083,515	7,157,280
Bank Charges	494,108	320,659
Miscellaneous and other Expenses	1,629,365	203,111
Equipment Repairs	-	489,800
Total	57,209,208	57,428,349

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (continued)

10. Depreciation and Amortization Costs

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	67,432,683	67,979,727
Total	67,432,683	67,979,727

11. Cash and cash equivalents

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Current Accounts & Deposits on Call	348,586,799	167,190,739
Total Cash and Cash equivalents	348,586,799	167,190,739

Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs.	Kshs.
Co-operative Bank OF Kenya		335,053,911	159,157,510
Housing Finance Company		13,532,888	8,033,229
G Total		348,586,799	167,190,739

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (continued)

12. Receivables

(a) Receivables from Exchange Transactions

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Current Receivables		
Mortgage Receivables	38,609,990	28,559,990
Civil Servants Housing Fund	65,000,000	65,000,000
Total Current Receivables	103,609,990	93,559,990
Non-Current Receivables		
Advance Payments	165,423,224	166,372,241
Mortgage Receivable	727,453,596	525,508,885
Contract Retention Money	313,794,328	299,099,965
Total Non- Current Receivables	1,206,671,148	990,981,091
Total Receivables	1,310,281,138	1,084,541,081
The movement in the mortgage balances Kibera Soweto zone A during the year is as shown below:		
As at start of the year	554,068,875	565,529,001
Interest for the year	20,781,183	17,243,311
Recoveries during the year	(24,047,000)	(28,703,437)
As at 30 June	550,803,058	554,068,875
Receivables		
Current	28,559,990	28,559,990
Non- Current	522,243,068	525,508,885
	550,803,058	554,068,875

The movement in the mortgage balances Mavoko SNP during the year is as shown below:		
As at start of the year	228,414,722	-
Interest for the year	6,397,244	-
Recoveries during the year	(19,551,438)	-
As at 30 June	215,260,528	-
Receivables		
Current	10,050,000	-
Non- Current	205,210,528	-
	215,260,528	-

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Receivables constitute both short –term and long – term liquid assets which are recoverable. Mortgage loans represent fund due from beneficiaries for the sale of the low –cost houses and are recoverable in accordance with the contract terms. Contract retention money represents funds retained from the contractors which are held by the parent ministry. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Mortgage loans are secured by the title to the houses which are only surrendered on full recovery of the loan. The trust fund does not hold any collateral as security for the retention receivable. The aged analysis of receivables is as follows:

Notes to the Financial Statements (continued)

	Less Than 1 Month	Between 1-3 Months	Between 3-12 Months	Over One Year	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Mortgage Receipts	-	-	38,609,990	727,453,596	766,063,586
Contract Retention Money	-	-	21,080,551	292,713,777	313,794,328
Grant Receivable	-	-	-	-	-
Civil Servants Housing Fund	-	-	-	65,000,000	65,000,000
Contract Advance	-	-	5,000,000	160,423,224	165,423,224
Total	-	-	64,690,541	1,245,590,597	1,310,281,138

12 (b). Rental Income Receivable

	Less Than 1 Month	Between 1-3 Months	Between 3-12 Months	Over One Year	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Rent Receivable	-	-	682,500	227,500	910,000
	-	-	-	-	-
Total	-	-	682,500	227,500	910,000

13. Work In Progress

Impairment allowance/ provision	2024/2025	2023/2024
	Kshs	Kshs
As at 1 st July	9,979,588,852	9,286,510,854
Additions	928,896,440	693,077,998
Additional supervision cost	159,510,089	
Transfer to AHF	(3,590,046,987)	-
Disposals	(2,687,358,925)	-
As at 30 th June	4,790,589,469	9,979,588,852

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (continued)
14. Property, Plant, and Equipment

Description	Land and Buildings	Furniture, fittings, and office equipment	Computers and Office Equipment's	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Cost/ Valuation				
As at 1 July 2023	3,125,721,982	20,058,100	33,081,209	3,178,861,291
Additions during the year		-	-	-
As At 30th June 2024	3,125,721,982	20,058,100	33,081,209	3,178,861,291
Additions during the year		-	5,102,696	5,102,696
At 30th June 2025	3,125,721,982	20,058,100	38,183,905	3,183,963,987.
Depreciation				
As At 1 July 2023	507,643,525	10,252,841	29,170,976	547,067,342
Charge for the year	65,451,961	1,225,657	1,302,108	67,979,727
At 30th June 2024	573,095,486	11,478,498	30,473,084	615,047,069
Charge for the year	63,815,662	1,072,450	2,544,571	67,432,683
At 30th June 2025	636,911,148	12,550,948	33,017,655	682,479,752
Net book values				
At 30 th June 2024	2,552,626,496	8,579,602	2,608,125	2,563,814,222
At 30 th June 2025	2,488,810,834	7,507,152	63,554	2,496,381,539

Notes to the Financial Statements (continued)

15. Payables from Exchange Transactions

Non- Current

Description	2024/2025	2023/2024
	Kshs.	Kshs.
House Purchase Deposits	16,766,435	-
Due to Contractors	-	-
Payables for AHF	253,102,381	
Contract Retention Money	313,794,328	299,099,965
Total Payables from Exchange Transactions	583,663,144	299,099,965

16. Payment to Contractors

	2024/2025	2023/2024
	Kshs	Kshs
Balance as at 1 st July	1,104,817,494	1,118,902,204
Expenditure during the year		
Net advance payment		
Balance as at 30 June		
Net Payments during the year	1,104,817,494	1,118,902,204

17. Financial risk management objectives and policies

The Trust Fund has an integrated risk management framework/ strategy. The Trust Fund's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The Trust Fund recognizes the critical role the risk management will continue to play in its endeavour to carry out its business in a dynamic environment. The Trustees are committed to ensure that corporate governance and risk management are deeply entrenched in the Trust Fund's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

The Trust Fund core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

(i) **Operational risks** are events, hazards, variances or opportunities which could influence the achievement of the Trust Fund's compliance and operational objectives.

(ii) **Strategic risk** is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.

(iii) **Business continuity risks** are those events, hazards, variances and opportunities which could influence the continuity of the entity.

Trustees have the overall responsibility for the establishment and oversight of the Trust Fund's risk management framework. The Trust Fund has delegated its risk management to the Audit and Risk Committee of the parent ministry. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Trust Fund.

The Trust Fund's exposure to risks, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated. The Trust Fund aims therefore to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance. The financial management objectives and policies are as outlined below:

a. Liquidity Risk

Liquidity risk is the risk that the Trust Fund will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Trust Fund has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations.

The Trust Fund's liquidity and funding management process includes:

- i) Projecting cash flows and considering the cash required and optimizing the short-term requirements as well as the long-term funding, maintaining balance sheet liquidity ratios,
- ii) Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,

The Trust Fund has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

The primary sources of revenue for the Trust Fund are mainly Grants from the central Government.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities.

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Year Ended 30 June 2025

	Less Than 1 Month	Between 1-3 Months	Between 3-12 Months	Over One Year
	Kshs	Kshs	Kshs	Kshs
House Purchase Deposits	-	-		
Due to Contractors	-	-		-
Contract Retention	-	-	36,710,594	277,083,734
Total	-	-	36,710,594	277,083,734

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Trust Fund is exposed to the following market risks:

(i) Currency Risk

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

(ii) Price Risk

The Trust Fund is not exposed price risk.

(iii) Interest Rate Risk

The Trust Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Trust Fund does not have any borrowings.

c) Credit Risk

The maximum exposure of the Trust Fund to credit risk as at the balance sheet date is as follows

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Year Ended 30 June 2025

	Fully Performing	Past Due But Not Impaired	Past Due and Not Impaired	Total
	Kshs	Kshs	Kshs	Kshs
Contract Retention	313,794,328	-	-	313,794,328
Contract Advance	165,423,224	-	-	165,423,224
Mortgage Loans	727,453,596	-	-	727,453,596
Trade Receivables	65,000,000	-	-	65,000,000
Cash at Bank	348,586,799	-	-	348,586,799
Total	1,620,257,947	-	-	1,620,257,947

Year Ended 30 June 2024

	Fully Performing	Past Due But Not Impaired	Past Due and Not Impaired	Total
	Kshs	Kshs	Kshs	Kshs
Contract Retention	299,099,965	-	-	299,099,965
Contract Advance	166,372,241	-	-	166,372,241
Mortgage Loans	554,068,875	-	-	554,068,875
Trade Receivables	65,000,000	-	-	65,000,000
Cash at Bank	167,190,739	-	-	167,190,739
Total	1,251,731,820	-	-	1,251,731,820

d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Trust Fund's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Trust Fund seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

The Trust Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Trust Fund's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- (i) Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- (ii) Requirements for the reconciliation and monitoring of financial transactions.
- (iii) Compliance with regulatory and legal requirements.
- (iv) Documentation of controls and procedures.
- (v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.

Annual Report and Financial Statements for the year ended June 30, 2025.

- (vi) Requirement for the reporting of operational losses and proposed remedial action.
- (vii) Training and professional development.
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where it is effective.

Operational risks are managed by the Internal Audit function established at the parent ministry to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the business.

e) Compliance and Regulatory Risk

Compliance and regulatory risk include the risk of non-compliance with regulatory requirements. The Trust Fund has complied with all externally imposed requirements throughout the year.

f) Legal Risk

Legal risks are the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the Trust Fund, failure to protect the title to and inability to control the rights to assets of the Trust Fund (including intellectual property right), changes in law, or jurisdictional risk.

The Trust Fund manages legal risk through the legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

18. Explanation for budget variances

The original budget for FY 2023-2024 was approved by the National Assembly on 9th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. Significant budget variances exhibited is due to underfunding during the year.

19. Related Parties Balances and Transactions

The Trust 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 Trust Fund, or vice versa. Members of key management are regarded as related parties and comprise the Principal Secretary and senior managers in the Slum Upgrading department.

(Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

(a) Related party transactions

The following transactions were carried out with related parties during the year.

Receipts and transfers

State Department of Housing and Urban Development		440,000,000
Affordable Housing Board	2,578,520,167	-
Total Receipts and Transfers	2,578,520,167	440,000,000

(b) Outstanding balances arising from non-exchange transactions.

The following were outstanding balances with related parties as at 30th June 2025

Civil Servants Housing Fund	65,000,000	100,000,000
-----------------------------	------------	-------------

20. Fair value

The trustees consider that there is no material difference between the fair value and carrying value of the Trust Fund's financial assets and liabilities, where fair value details have not been presented.

21. Events after the balance sheet date

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

22. Capital Commitments

All capital commitments contracted for/authorized at the reporting period end have been recognized in the financial statements.

23. Ultimate holding entity

The Trust Fund is a Semi-Autonomous Government Agency under the Ministry of Housing and Urban Development. Its ultimate parent is the Government of Kenya.

24. Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	Failure to Constitute a Board of Trustees for the Fund		Not Resolved	

(Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

S/N O.	PROJECT	START DATE	END DATE	CONTRACT PERIOD	CONTRACT SUM/ESTIMATE (KSHS)	AMOUNT CERTIFIED (KSHS)	COUNTY
1	Construction of classroom Block and Repair of existing Classrooms at Gitothua Primary School, Kiambu County	6th September 2022	21st February 2023	6MONTHS	40,192,110	20,715,687	KIAMBU
2	Construction of 4,435 housing units at Kibera Soweto Zone 'B'	5th January 2023	4th January 2026	3YEARS	7,458,854,144	4,621,308,195	NAIROBI
3	Construction of 1080 housing units at the Kenya Meteorological Site at Mukuru	19th August 2021	18th October 2023	2YEARS 3MONTHS	1,156,225,200	1,116,513,402	NAIROBI
4	Construction of Nakuru Bus Park in Nakuru County.	3rd May 2022	28th February, 2025	3YEARS	269,375,853	230,306,140	NAKURU
5	Proposed construction of Nakuru Multipurpose Market in Nakuru County	4th November 2020	4th November 2024	4YEARS	612,502,225	580,677,158	KILIFI
6	Construction of Dinning Hall and Dormitory at Alliance High School	29th April 2024	28th April 2025	1YEAR	279,596,803	205,174,570	KIAMBU
7	Proposed construction of Laboratory Ablution block and incinerator at Unjiru Health Center Nyeri County	13th September 2022	2nd April 2024	TBD	37,412,224	4,601,305	NYERI
8	Installation of 6no. Solar powered high mast floodlighting structures Nyaribari Masaba and Bobasi Kisii County	25 TH SEPTEMBER 2024	12 TH MARCH 2025	5MONTHS	38,219,372	9,694,604	KISII
9	Installation of 2no. Solar powered high mast floodlighting structures Thika West and Thika East Kiambu County	TBD	TBD	TBD	15,728,302	10,306,180	KIAMBU

(Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

S/N O.	PROJECT	START DATE	END DATE	CONTRACT PERIOD	CONTRACT SUM/ESTIMATE (KSHS)	AMOUNT CERTIFIED (KSHS)	COUNTY
10	Installation of 2no. Solar powered high mast floodlighting structures Oljororok Laikipia County.	TBD	TBD	TBD	14,872,290	4,678,293	LAIKIPIA
11	Installation of 2no. Solar powered high mast floodlighting structures Ikolomani Kakamega County.	TBD	TBD	TBD	15,925,719	8,695,462	KAKAMEGA
12	Installation of 2no. Solar powered high mast floodlighting structures Buura Tana River County.	TBD	TBD	TBD	16,400,000	8,766,185	TANA RIVER
13	Installation of 2no. Solar powered high mast floodlighting structures Katomboni and Kameo Machakos County	TBD	TBD	TBD	19,051,634	9,942,122	MACHAKOS
14	Installation of 2no. Solar powered high mast floodlighting structures Funyula Busia County.	TBD	TBD	TBD	16,400,000	6,400,000	BUSIA
15	Installation of 2no. Solar powered high mast floodlighting structures Suba South Homabay County	27th June 2024	11th March 2025	8 MONTHS	20,774,234	10,710,312	HOMABAY
16	Installation of 2no. Solar powered high mast floodlighting structures Gatundu North Kiambu County	TBD	TBD	TBD	15,728,302	10,306,180	KIAMBU
17	Construction of classroom Block and Repair of existing Classrooms at Githothua Primary School, Kiambu County	6th September 2022	21st February 2023	5 MONTHS	40,192,110	20,715,687	KIAMBU
18	Construction of Multipurpose Hall and completion of Dormitory at Naivasha boys boarding Primary Nakuru County	5th September 2022	12th March 2024	6 MONTHS	145,647,060	120,919,970	NAKURU

(Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

S/N O.	PROJECT	START DATE	END DATE	CONTRACT PERIOD	CONTRACT SUM/ESTIMATE (KSHS)	AMOUNT CERTIFIED (KSHS)	COUNTY
19	Construction of classroom Block and Repair of existing Classrooms at Githurai Primary School, Kiambu County	6th September 2022	24th April 2024	7 MONTHS	40,552,553	18,524,519	KIAMBU
20	Construction of Market Shed in Kiamaina Nakuru County	7th October 2022	5th March 2024	6 MONTHS	16,786,110	6,420,400	NAKURU
21	Installation of 2no. Solar powered high mast floodlighting structures Ugenya Siaya County	2nd October 2024	19th March 2025	5MONTHS	13,990,602	5,711,203	SIAYA
22	Installation of 2no. Solar powered high mast floodlighting structures Teso North Busia County	23rd September 2024	10th March 2025	5MONTHS	13,977,089	7,023,319	BUSIA
23	Installation of 2no. Solar powered high mast floodlighting structures Kitutu Masaba Nyamira County	23rd September 2024	10th March 2025	5MONTHS	14,054,402	7,023,319	NYAMIRA
24	Installation of 2no. Solar powered high mast floodlighting Emurua Dikirr Narok County	TBD	TBD	TBD	19,109,686	9,634,933	NAROK
25	Installation of 2no. Solar powered high mast floodlighting structures Lugari Kakamega County	23rd September 2024	10th March 2025	5MONTHS	12,780,059	6,036,765	KAKAMEGA
26	Installation of 2no. Solar powered high mast floodlighting structures Kipkeikei Trans-Nzoia County	10th March 2025	TBD	TBD	19,075,245	9,634,933	TRANS-NZOIA
27	Installation of 4no. Solar powered high mast floodlighting structures Kitui Rural Kitui County	25th march 2025	TBD	TBD	32,800,000	15,925,719	KITUI

(Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.


S/N O.	PROJECT	START DATE	END DATE	CONTRACT PERIOD	CONTRACT SUM/ESTIMATE (KSHS)	AMOUNT CERTIFIED (KSHS)	COUNTY
28	Installation of 2no. Solar powered high mast floodlighting structures Navakholo Kakamega County	TBD	TBD	TBD	15,925,719	4,383,083	KAKAMEGA
29	Installation of 2no. Solar powered high mast floodlighting structures Kilifi North Kilifi County	12 th NOVEMBER 2024	25 TH MAY 2025	7MONTHS	12,739,791	5,765,748	KILIFI
30	Installation of 5no. Solar powered high mast floodlighting structures Kaiti and Kibwezi Makueni County	TBD	TBD	TBD	34,119,532	14,046,638	MAKUENI
31	Construction of Tuition block and Associated works at Githura Primary School Nyeri	27th September 2024	27th March 2025	6 MONTHS	50,378,670	10,336,380	NYERI
32	Installation of water Harvesting infrastructure in 4No. schools in Subukia Nakuru County	20th January 2025	21 th July 2025	6 MONTHS	7,233,389	7,233,389	NAKURU
33	Construction of 10 classroom at Limuko Primary in Bahati Nakuru County	TBD	TBD	TBD	49,893,884	8,579,691	NAKURU
34	Installation of 1No. electric powered high mast structures in shimo la Tewa Kilifi County	12TH November 2024	25th May 2025	6 MONTHS	12,739,791	5,765,748	KILIFI

(Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.

Appendix II- Fund Transfer and Receipt

Name of Transferring Affordable Housing Board (AHB)

Name of Beneficiary Kenya Slum Upgrading Low-Cost Housing and Infrastructure Trust Fund (KENSUF).

Confirmation of amounts received by Kenya Slum Upgrading Low-Cost Housing and Infrastructure Trust Fund (KENSUF) as at 30th June 2025						
Reference Number	Date Disbursed	Amount Disbursed Affordable Housing by Board Kshs as at 30 th June 2025			Amount received by (KENSUF) (Kshs) as at 30 June 2025 (D)	Difference (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
	03-October-2024	0	163,443,000.00	163,443,000.00	163,443,000.00	-
	03-October-2024	0	1,434,419,167.00	1,434,419,167.00	1,434,419,167.00	-
	17-January -2025	0	490,329,000.00	490,329,000.00	490,329,000.00	-
	08-April-2025	0	490,329,000.00	490,329,000.00	490,329,000.00	-
Total			2,578,520,167.00	2,578,520,167.00	2,578,520,167.00	-
I confirm that the amounts shown above are correct as of the date indicated.						
Head of Accounts Department - Beneficiary Fund:						
Name <u>NELSON M. OSIOAU</u> Sign  Date <u>02/12/2025</u>						

(Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended June 30, 2025.