

REPUBLIC OF KENYA



<b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>REPORT</b>	DATE: 19 NOV 2025
	DAY: Tuesday
<b>OF</b>	TABLED BY: [Handwritten signature]
	CLERK-AT THE-TABLE: [Handwritten signature]

PARLIAMENT OF KENYA LIBRARY

**THE AUDITOR-GENERAL**

<b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>ON</b>	DATE: 02 DEC 2025
	DAY: Tuesday
<b>TABLED BY:</b>	Hon. Naomi Jello, MP Deputy Majority Whip
<b>CLERK-AT THE-TABLE:</b>	Benson Inzofu

**SALARIES AND REMUNERATION  
COMMISSION MORTGAGE AND CAR  
LOAN SCHEME FUND**

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



**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**



Salaries & Remuneration  
Commission

Rewarding productivity



---

**SALARIES AND REMUNERATION COMMISSION  
MORTGAGE AND CAR LOAN SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

---

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

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**TABLE OF CONTENTS**

1. ABBREVIATIONS AND ACRONYMS.....	ii
2. KEY FUND INFORMATION AND MANAGEMENT .....	iii
3. SCHEME FUND ADVISORY COMMITTEE .....	v
4. CHAIRPERSON'S REPORT .....	vii
5. REPORT OF THE OFFICER ADMINISTERING THE FUND .....	viii
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2024/2025 .....	ix
7. CORPORATE GOVERNANCE STATEMENT.....	xv
8. MANAGEMENT DISCUSSION AND ANALYSIS .....	xvii
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	xx
10. REPORT OF THE FUND ADMINISTRATION COMMITTEE .....	xxi
11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES.....	xxii
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF SRC MORTGAGE AND CAR LOAN SCHEME FUND .....	xxiii
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025 .....	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE 2025 .....	2
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025 .....	3
16. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2025 .....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025 .....	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	6
19. ANNEXURES .....	19

# Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

## 1. ABBREVIATIONS AND ACRONYMS

### A. Acronyms

CEO	Chief Executive Officer
FY	Financial Year
HR	Human Resource
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Ksh	Kenya Shillings
MOU	Memorandum of Understanding
NT	National Treasury
OAG	Office of the Auditor General
PSASB	Public Sector Accounting Standards Board
PFM	Public Finance Management
SRC	Salaries and Remuneration Commission

### B. Definition of Key Terms

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

**Comparative Year-** Means the prior period

# Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

## 2. KEY FUND INFORMATION AND MANAGEMENT

### a) Background information

Salaries and Remuneration Commission (SRC) is established under Article 230 of the Constitution of Kenya, 2010, to:

- i. Set and regularly review the remuneration and benefits of all State officers; and
- ii. Advise the national and county governments on the remuneration and benefits of all other public officers.

Scheme Fund was established in 2017 line with the Constitutional principles under Article 230(5) of the Constitution of Kenya, 2010 on attraction and retention of requisite skills in the public service. The scheme's operations commenced in 2019 upon disbursement of first tranche of the seed capital to the Fund's bank account. The Scheme Fund is owned by the Commission and domiciled in Kenya.

### b) Principal activities

The Scheme Fund's principal activity is to offer low interest loan facilities to members of the Commission for the purchase of residential property, purchase of land, house construction, purchase of land and construction and/or improvement, loan takeover or equity release and purchase of motor vehicles for personal use.

### c) Key management

The Scheme Fund is administered by Co-operative Bank. It therefore does not have a Fund Administration Committee.

### D.) Fiduciary Oversight Arrangements

The Mortgage and Car Loan Scheme Fund Advisory Committee is made up of the management team representatives and officers of the Commission who are appointed by the CEO. They oversee the implementation and administration of the scheme.

The Scheme Fund's Committee members, who served during the financial period ended 30<sup>th</sup> June 2025, and who had direct fiduciary responsibility were;

SN	Position	Name
1	Director Remuneration Services (Chairperson)	Dr. Hillary Patroba
2	Head, Human Resource and Administration (Secretary)	Samuel Makori
3	Head, Legal Services Department	James Sitienei
4	Head, Corporate Communications Department	Anthony Mwangi
5	Head, Finance and Accounts Department	CPA Mary Konuche
6	Deputy Director Allowances and Benefits	Grace Ogembo
7	Deputy Director Job Evaluation and Salary Structures	Mokua Nyandieka

### d) Scheme Fund Registered Offices

Williamson House, 6th Floor,  
4th Ngong Avenue  
P.O. Box 43126, GPO-00100,  
Nairobi, Kenya

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**e) Contacts information**

Tel: +254 (20) 2710065/71/73/81

Tel: +254 794 587 903

Email: [info@src.go.ke](mailto:info@src.go.ke)

Website: <https://www.src.go.ke/>

Twitter – @srckenya: <https://mobile.twitter.com/srckenya>

Instagram – @srckenya: <https://www.instagram.com/srckenya/>

Threads – @srckenya: <https://www.threads.net/@srckenya>

Flickr – srckenya: <https://www.flickr.com/photos/186707933@N05>

Facebook – @SRCKE: <https://www.facebook.com/SRCKE>

Linkedin – Salaries and Remuneration Commission: <https://tinyurl.com/2bkawvae>

Youtube – Salaries and Remuneration Commission: [https://www.youtube.com/@SRC\\_Kenya](https://www.youtube.com/@SRC_Kenya)

**f) Fund Bankers and Administrators**

Co-operative Bank of Kenya Limited

Haile Selassie Avenue

P.O Box 48231, GPO-00100

Nairobi, Kenya

**g) Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084, GPO-00100

Nairobi, Kenya

**h) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue





P.O. Box 40112

City Square 00200

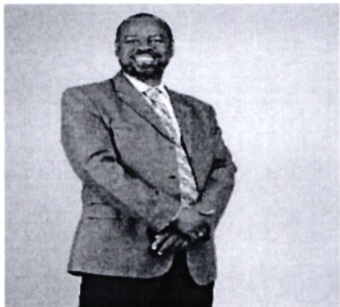


Nairobi, Kenya

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**3. SCHEME FUND ADVISORY COMMITTEE**

 <p><b>Dr. Hillary Patroba, Chairperson</b></p>	<p>Dr. Hilary Patroba is the Director, Remuneration Services, appointed to the position in January 2020. His experience spans public and private sector organisations. He holds a phd in Economics from Stellenbosch University. He is the Chairperson of the Committee.</p>
 <p><b>Samuel K. Makori</b></p>	<p>Mr. Makori is the Head of Human Resources and Administration, with more than 25 years of experience in the public service. He has a Master’s degree in Business Administration (MBA-HRM option) and a Post Graduate Diploma in HR and Business Management and a member of the Institute of Human Resource Management.</p> <p>He Joined the Commission in 2013 where he has steered the HR and Administration function from inception to the current status. He is the secretary to the Committee.</p>
 <p><b>James Sitienei</b></p>	<p>Mr. Sitienei is the Head of Legal Services. He holds a Bachelor’s and Master’s degrees in law and is an advocate of the High Court of Kenya. He has more than 20 years of experience in the private and public sectors. He is a member of the Committee</p>
 <p><b>Mary Konuche</b></p>	<p>CPA. Mary Konuche is the Head of Finance and Accounting at the Commission and has over 16 years of experience in the public service. She is a Certified Public Accountant and holds a Master degree in Business Administration. She is a member of the Committee.</p>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

 <p><b>Anthony Mwangi</b></p>	<p>Mr. Mwangi is the Head of Corporate Communications, with more than 20 years of experience. He possesses a Bachelor's and Master's degrees in Mass Communication and Journalism. He is a member of the Committee</p>
 <p><b>Nyandieka Moku</b></p>	<p>Nyandieka Moku is the Deputy Director- Job Evaluation and Salary Structures department. He is a member of the Committee.</p>
 <p><b>Grace Ogembo</b></p>	<p>Grace Ogembo is the Deputy Director- Allowances and Benefits department. She is a member of the Committee.</p>

# Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

## 4. CHAIRPERSON'S REPORT

The Salaries and Remuneration Commission established the Staff Mortgage and Car Loan Scheme Fund Advisory Committee whose objective oversee the implementation and administration of the Scheme. In doing so, the committee coordinates and engages with the fund administrator in the management of the Scheme Fund on behalf of SRC. The Scheme Fund's Committee members are drawn from all the two directorates and three departments. For the year ending 30<sup>th</sup> June 2025, Cooperative bank was the appointed fund administrator.

The Commission, in consultation with the Co-operative Bank, developed internal rules and Memorandum of Understanding, which are binding on matters relating to the Scheme Fund. The Scheme rules, regulations and guidelines on accessibility of the loans, as well as requirements to be met by the applicants, are clearly stipulated.

The key objective of the Scheme Fund is to support employees acquire defined mortgage facilities and car loan as a way of motivation and retention of staff at the Commission.

The Scheme Fund has since supported **47** members of staff and disbursed **Ksh 272.8 Million**. The Co-operative Bank continues to carry out due diligence for all loan applications to minimise risks in acquiring property.

The Committee shall endeavour to support staff through the continuous engagement with the Co-operative Bank and ensure more employees benefit from the Scheme Fund.



**Dr. Hillary Ratroba**  
**Chairperson,**  
**SRC Staff Mortgage and Car Loan Scheme Fund**

**Date:**

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**5. REPORT OF THE OFFICER ADMINISTERING THE FUND**

The Staff Mortgage and Car Loan Scheme Fund was established in February 2019. As at the close of the year, the Scheme Fund had received **Ksh 288.7** million from the National Treasury in capital, earned **Ksh 22.4** million in interest, and disbursed **Ksh 272.8** million to successful applicants.

The Scheme Fund closed with a cash and cash equivalent balance of **Ksh 133** million, of which **Ksh 20.7** million had been committed for applications awaiting the verification process, and the actual cash available for lending being Ksh 27.6 million.

The Scheme's funds were utilised in accordance with the provisions of the Public Finance Management (PFM) Act, 2012, the PFM Regulations, 2015, and all other applicable legislation, for the purpose for which it was intended.

The Scheme Fund's principal activity is to offer low interest loan facilities to members of the Commission for the purchase of residential property, purchase of land, house construction, purchase of land and construction and/or improvement, loan takeover or equity release and purchase of motor vehicles for personal use.

The Scheme Fund's administrators hereby submit the report together with the audited financial statements for the year ended 30 June 2025, which show the state of the Scheme Fund's affairs.

  
\_\_\_\_\_  
**CPA Margaret Njoka**  
**AG. Commission Secretary/CEO**

Date: 24/10/2025

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED  
OBJECTIVES FOR THE FINANCIAL YEAR 2024/2025**

**Introduction**

SRC has five Key Result Areas (KRAs) and objectives within its Strategic Plan 2019/2020 – 2023/2024.

These KRAs are as follows:

- KRA 1: Fiscal sustainability of public service wage bill
- KRA 2: Remuneration and benefits
- KRA 3: Policy and legal framework
- KRA 4: Collaboration and partnerships
- KRA 5: Institutional capacity

SRC developed its annual work plan based on the above five KRAs. SRC's performance was assessed quarterly against its annual work plan. The achievement of the performance targets set for the Financial Year (FY) 2024/2025 was as tabulated below:

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**Table 1: Programme Performance Review for the Financial Year 2024/2025**

Key Result Area (KRA)	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY			Cumulative Achievement by the end of the FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
<b>KRA 1:</b> Affordability and fiscal sustainability of the public service wage bill	To achieve an equitable, affordable, and fiscally sustainable remuneration and benefits regime	Equity, Fairness, and affordability in the management of allowances and benefits in the Public Service	Reduction of the wage bill to revenue ratio to align with the PFM Act 2012 and the PFM Regulations, 2015	35% wage bill to revenue ratio	35%	40.64%	(5.6%)	35%	40.6%	(5.6%)	a) The wage bill to ordinary revenue ratio declined from 54.77% in FY 2020/2021 to 43.33% in 2023/2024, and projected to reduce to 40.64% in 2024/2025.  b) SRC convened the Third National Wage Bill Conference (NWBC) under the 'Towards 35%', theme in April 2023. The conference generated 10 Resolutions which are being implemented.
	Recognize and reward productivity and performance in the Public Service	Attraction and retention of a productive workforce in the Public Service	Framework for linking productivity to a 35% wage-bill to revenue ratio	Approved framework	1	1	0	1	1	0	A draft framework for linking productivity to 35% wage-bill-to-revenue ratio was developed.
	Recognize and reward	Attraction and retention	Advice on performance	% of advice on	100%	100%	-	100%	100%	-	During the financial year, advice was given on

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

Key Result Area (KRA)	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY			Cumulative Achievement by the end of the FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
	productivity and performance in the Public Service	of a productive workforce in the Public Service	and productivity	performance and productivity issued on requests for MCDAs							productivity and performance to 17 institutions.
<b>KRA 2:</b> Remuneration and Benefits	Equal remuneration to persons of equal value, fairness, and transparency	Rationalized, harmonized, and defensible grading structures	Job evaluative carried out for requests received	% of jobs reviewed	100%	100%	-	100%	100%	-	a) 14,269 jobs were evaluated under Phase II of the third remuneration and benefits review cycle. b) JE reviews from 102 public service institutions were processed and communicated.
	Establish equitable salary structures		Salary structures established	% of institutions advised on salary structures	100%	100%	-	100%	100%	-	36 public service institutions were advised on salary structures under the third remuneration review cycle.
	Streamline allowances and benefits	Equity, fairness, and affordability in the management of allowances and benefits	Advice issued on allowances	% of institutions advised on allowances based on requests received	100%	100%	-	100%	100%	-	Issued advice on 224 requests on allowances and benefits.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

Key Result Area (KRA)	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY			Cumulative Achievement by the end of the FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
		in the public service									
	To promote a predictable and stable labour environment	Effective collective bargaining, Equity and fairness, and fiscally sustainable wage bill.	Advice issued on Collective Bargaining Agreements (CBAs)	% of advice issued on CBAs on requests from MCDAs	100%	100%	-	100%	100%	-	a) Issued advice to 28 public institutions on negotiation parameters for CBAs. b) 23 public officers trained on collective bargaining and labour relations.
<b>KRA 3:</b> Policy and legal framework	To ensure compliance with remuneration and benefits set, reviewed, and advised by SRC.	Enhanced compliance to SRC advice, guidelines, and regulations.	No. of reports on monitoring and evaluative carried out	1 report	1	1	-	1	1	-	a) SRC undertook M&E visits to assemblies and executive arms in all 47 counties. b) SRC carried out sensitisation on its circulars and advice for assemblies and executive arms in all 47 counties.
			Quarterly Wage Bill Bulletin	No. of Wage Bill Bulletins	4	4	-	16	16	-	
<b>KRA 4:</b> Collaboration and partnerships	Establish and sustain partnerships with stakeholders	Synergetic relationships enhanced with stakeholders, leading to win-win	Partnership with NTA leverage	No. of wage bill bulletins disseminated to NTA	4	3	-1	4	3	-1	Ongoing.
				No. of awareness session held for NTA	1	1	-	1	1	-	Completed.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

Key Result Area (KRA)	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY			Cumulative Achievement by the end of the FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
		collaborations		No. of specialised CSOs leveraged	1	1	-	1	1	-	Completed.
				Stakeholders engaged	3	14	+11	3	14	+11	Completed.
			Strengthen stakeholder engagement	Provide support to stakeholder needs	Corporate Social Responsibility (CSR) initiatives held	2	3	+1	2	3	+1
	<b>KRA 5: Institutional Capacity</b>	Enhance awareness and visibility of the Commission	Implement the Corporate Communications Strategy	Media engagement implemented	No. of press releases issued	8	14	+6	8	14	+6
				No. of press briefings held	5	3	-2	5	3	-2	Ongoing.
			Quarterly Wage Bill Bulletin popularised	No. of Wage Bill Bulletin popularised	4	3	-1	4	3	-1	Ongoing.
			IEC materials designed and/or printed	No. of IEC materials designed and/or printed	9	9	-	9	9	-	Completed.
		Advocacy among stakeholders	Advocacy initiatives held	No. of advocacy initiatives	1	3	+2	1	3	+2	Completed.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

Key Result Area (KRA)	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY			Cumulative Achievement by the end of the FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
		Implement External Customer Perception Survey (ECPS)	ECPS recommendations implemented.	No. of ECPS recommendations implemented	3	3	-	3	3	-	Completed.

## **Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

### **7. CORPORATE GOVERNANCE STATEMENT**

The Salaries and Remuneration Commission established a Mortgage and Car Loan Scheme Fund Advisory Committee, which oversees the implementation and administration of the Scheme, as well as coordinates and engages with the Co-operative Bank in the management of the Scheme Fund on behalf of SRC.

The authority to appoint members of the Advisory Committee is vested on the Commission Secretary/CEO. The Scheme Fund's Committee members comprise of the Chairperson and seven staff representatives drawn from the Commission's two directorates and three departments.

The functions and duties of the Advisory Committee are as follows:

- a) Liaise with the service provider to set up a revolving fund for the disbursement of the loans;
- b) Supervise the day-to-day running of the Scheme Fund;
- c) Forward the successful applications with recommendations to the service provider for approval;
- d) Process applications for loans in accordance with the existing terms and conditions of borrowing; and
- e) Any other scheme related administration activities.

The Head of Human Resources and Administration is the Secretary to the committee with his main role being general administration of the Scheme including:-

- i. Convene meetings of the Committee and keep minutes of the committee meetings;
- ii. Receive and review application for loan;
- iii. Submit all loan applications with appropriate recommendations to the Committee for consideration and thereafter submit approved applications to the service provider for funding;
- iv. Keep database of applicants; and
- v. Effect loan deductions into payroll and ensure all loan deductions are effected within the a third rule regulation;

The membership of the Committee nominates, from among themselves, a liaison officer whose roles include:

- a) Supervise the administration of the Scheme Fund;
- b) Cause to be kept books of account in relation to the Scheme Fund of all the loans financed from the Scheme Fund;
- c) Furnish such information regarding the administration of the Scheme Fund as may be required for examination and audit by the Auditor General or under any law;
- d) Designate or appoint such staff as may be necessary to assist the administration of the Scheme Fund and may require such staff to carry out such inspections as may be necessary to verify any information submitted under the regulations.

During the year, the Committee held four meetings. Further, the Committee, jointly with the Co-operative Bank carried out eight staff sensitisation sessions during the financial year whereby staff were sensitised scheme products, the loan application processes and the procedures and regulation of the fund.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025\***

**Analysis of attendance to committee Meetings**

S/No.	Name	No. of meetings
1	DR. Hillary Patroba	4
2	Samwel K Makori	4
3	Anthony Mwangi	3
4	James Sitienei	3
5	Mary Konuche	4
6	Nyandieka Mokuu	3
7	Grace Ogembo	3
<b>Total</b>		<b>4</b>

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

### **A) OPERATIONAL AND FINANCIAL PERFORMANCE**

#### **1. Strategic direction**

The Scheme Fund is now in its fifth year of operation. The main objective of the Scheme Fund is to provide financial support for the acquisition of mortgage facility and car loan at a subsidized interest rate relating to;

- i. Home development loans
- ii. Acquisition or purchase of residential homes
- iii. Purchase of land for home construction
- iv. Purchase of motor vehicles

As at the close of the period, the Scheme Fund's financial position was **Ksh.311.05Million** that is, **Ksh.288.67Million** in transfers from the Commission and **Ksh. 22.38Million** in interest earned from unutilised funds held in the call-deposit account and fixed deposit account.

During the period, a total of **three** disbursements were made to successful applicants, **two** being for the purchase of a motor vehicles amounting to **Ksh4.8Million** and **one** for mortgage facilities amounting to **Ksh.8.7Million**. Since the inception of the Scheme Fund, **47 (60%)** staff members had benefited from the scheme with **Ksh272.8Million** having been disbursed to successful applicants.

A total of **Ksh.30.4 Million** was recovered during the period from the outstanding loans. The total recoveries from successful applicants to date is **Ksh.96.9Million** comprising of **Ksh. 78.5 Million** from Mortgage-related facilities and **Ksh. 18.4Million** from motor vehicle loans.

The Scheme Fund closed with a cash and cash equivalent balance of **Ksh. 133.6 Million** of which **Ksh. 20.35Million** was committed for applications awaiting the verification process.

#### **2.) Financial performance analysis**

The scheme Fund's approved budget did not provide for transfers from SRC's budget to the scheme. The budget for interest from unutilized funds is **Ksh 5.0Million**. The Previous Financial year's final budget was **Ksh.0Million** in transfers and **Ksh. 6Million** in interest from unutilized funds.

### **B.) FUND'S KEY PROJECTS OR INVESTMENT DECISIONS IMPLEMENTED OR ONGOING**

The Scheme's unspent funds were invested in an **on-call** deposit account and fixed deposit. As at the close of the period, the prevailing interest rate was **3 percent** for the on-call deposits. At the beginning of the period, **Ksh.60 million** had been invested in fixed deposit for 6 months at a rate of **17% per annum**. This matured on 22nd September 2024 and as a result the funds were place in a fixed deposit account for a further 6 months on 6<sup>th</sup> October 2024 at a rate of 15.75%. The total reported interest earned during the period was **Ksh.7.4 Million**.

## **Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

### **C.) COMPLIANCE WITH STATUTORY REQUIREMENTS**

The Scheme Fund administrators are required to comply with various laws and Constitutional provisions, which include the PFM Act 2012, PFM Regulations 2015, SRC Act 2011, among others. The Scheme Fund is compliant with the statutory requirements.

### **D.) MAJOR RISKS FACING THE SCHEME**

#### **i. Liquidity risk**

Liquidity risk is the risk that the Scheme Fund will not be able to meet financial obligations when they fall due. This risk is managed by ensuring that the Scheme Fund is liquid enough to meet its obligations whenever they fall due. This has since been managed over the previous years by ensuring sufficient budget allocations are appropriated to the Scheme Fund.

#### **ii. Credit risk**

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. The Scheme Fund's exposure to credit risk is low owing to the fact that properties acquired are charged to the bank, and thus, held as security. The administrator also mitigates the risk by strictly scrutinising the prevailing financial state of the borrower before processing an application.

#### **iii. Market and inflationary risks**

Market risk is a risk inherent to the Scheme Fund. The properties in the market are affected by the prevailing economic conditions in the country. The Central Bank of Kenya rate standing at 10.75% remains high and is likely to subject the properties to inflation risk, making them inaccessible to potential applicants. Inflationary risk will also erode the purchasing power of the revolving fund.

In order to mitigate these risks, strategies on how to grow the fund, as well as raising additional funds, are being explored. This includes investing funds in avenues of higher returns and looking out for service providers that may offer credible services at lower administrative costs. The loan limit imposed on individuals so as to enable them purchase their preferred properties will also be reviewed in the event of significant rise in cost of properties.

#### **iv. Sustainability risk**

The scheme fund's main source of income is transfers from the Commission. Although the Fund charges interest on successful applicants, the full amount is taken up by Co-operative Bank as administration cost. The fund is therefore faced with sustainability risk in that it will not be able to earn any extra funds in the event that the current unutilized funds are taken up and thus cannot be invested.

The scheme fund advisory committee is exploring ways in which the fund can earn extra income to enable sustainability and maintenance of value amidst long term inflation effects.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**E.) MAJOR RISKS FACING THE FUND, MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS**

The Scheme Fund does not have any material arrears in statutory of financial obligations.

**F.) THE SCHEME FUND'S FINANCIAL PROBITY AND GOVERNANCE ISSUES**

The Scheme Fund operates through a Committee, whose main role is to oversee its operations and implementation by both the Administrator and the Commission. The Committee's membership is drawn from two directorates and seven departments of the Commission for inclusivity purposes.

## **Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

### **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

SRC Mortgage and Car Loan Scheme Fund was established in February 2019 pursuant to Section 20, 22 and 31 of SRC Act, 2011, and SRC Circular No. SRC/ADM/CIR/1/13 Vol. III of 17 December 2014 on Car Loan and Mortgage Schemes for State officers and other Public Officers of the Government of Kenya.

The Scheme's funds are utilised in accordance with the provisions of PFM Act, 2012, PFM Regulations, 2015, and all other applicable legislation, and for the purpose for which it was intended. The Scheme Fund's principal activity is to offer low interest loan facilities to members of the Commission for the purchase of existing residential property, purchase of land, construction, purchase of land and construction and improvement, loan takeover or equity release and purchase of motor vehicles for personal use.

#### **a.) Sustainability strategy and profile**

The seed capital of the Scheme Fund is Ksh 400 million, which is based on the number of staff and expected loan uptake. Since inception of the scheme fund, SRC has disbursed Ksh 288.7 million to the Scheme Fund. The Scheme Fund is revolving and closed with cash and cash equivalent amounting to Ksh 133.6 million which is sufficient to facilitate the projected disbursements for the near future.

Measures have been put in place to ensure that funds will be available to staff both in the medium and long term. This includes continuous follow up with the National Treasury to ensure that the full seed capital of Ksh 400 million is disbursed to the fund. The Scheme Fund Advisory Committee has also continued to ensure that the unutilised funds are invested in high interest earning avenues. There are currently no loan repayment defaults, and stringent measures are in place to ensure staff repay their loan as per the signed loan agreements. These measures include, using a check-off system to effect transactions and having properties acquired charged to Co-operative bank.

#### **b.) Environmental performance**

The Scheme Fund operates within SRC's environment. SRC initiated programmes to ensure that its environmental activities remained sustainable in the long run. This effort is demonstrated by operationalising policies relating to the disposal of electronic waste, pooling of water dispenser units, sharing of IT assets, sharing and circulation of soft copies of documents as opposed to hard copies, applying Just-In-Time philosophy for the replenishment of store items (minimises storage of large stocks), and printing on both sides of paper documents.

In addition, SRC continued the digitisation of its work processes by implementing an Intranet, an Electronic Document Management System (EDMS), an SRC App, a Bulk SMS System, an Integrated Job Evaluation System, and a Monitoring and Evaluation System.

#### **c.) Employee welfare**

The Scheme Fund is anchored under the Affordable Housing plan, which is an intervention by the government to offer housing to both public officers and all other citizens. This is derived from the Vision 2030 and Medium-Term Strategic Plan. By setting up the Scheme Fund with lower interest of 3 per cent, the Scheme Fund has enabled employees to purchase their dream homes and motor vehicles at affordable interest rates.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**10. REPORT OF THE FUND ADMINISTRATION COMMITTEE**

The Chairperson and Members of the Staff Mortgage and Car Loan Advisory Committee submitted their reports together with the audited financial statements for the year ended 30 June 2025, which show the state of the Scheme Fund affairs.

**Principal activities**

The principal activity of the Scheme Fund is to provide financial support for the acquisition of mortgage facility and car loan at a subsidised interest rate relating to;

- i. Home development loans.
- ii. Acquisition or purchase of residential homes.
- iii. Construction of residential homes.
- iv. Purchase of land for home construction.
- v. Equity release.
- vi. Purchase of motor vehicles.

**Results**

The results of the Scheme Fund for the year ended 30 June 2025 are set out on Pages 1 to 5.

**Chairperson and Members of the Advisory Committee**

The Chairperson and Members of the Advisory Committee who served during the year are shown on Page vii to viii.

**Auditors**

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

By Order of the Advisory Committee



**Dr. Hillary Patroba**  
Chairperson,  
SRC Staff Mortgage and Car Loan Scheme Fund

**Date:**

## **Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

### **11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 84 (1) of the PFM Act, 2012, requires that, at the end of each financial year, the Administrator of a Fund established by the Salaries and Remuneration Commission circular SRC/ADM/CIR/1/13 Vol.III (128) of 17 December 2014, on Car Loan and Mortgage Scheme for State officers and other public officers of the Government of Kenya, 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 year ended on 30<sup>th</sup> June 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Salaries and Remuneration Commission circular SRC/ADM/CIR/1/13 Vol.III (128) of 17 December 2014 on Car Loan and Mortgage Scheme for State officers and other Public Officers of Government of Kenya. 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 period ended 30<sup>th</sup> June 2025, and of the Fund's financial position as at that date.

The Administrator confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements, and 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 and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

#### **Approval of the financial statements**

The Scheme Fund's financial statements were approved on 28<sup>th</sup> August 2025 and signed on its behalf by:

  
\_\_\_\_\_  
**CPA Margaret Njoka**  
**AG. Commission Secretary/CEO**

**Date:** 24/10/2025

# REPUBLIC OF KENYA



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

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

## REPORT OF THE AUDITOR-GENERAL ON SALARIES AND REMUNERATION COMMISSION MORTGAGE AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

---

### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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 the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund set out on pages 1 to 20, which

---

*Report of the Auditor-General on Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund for the year ended 30 June, 2025*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Salaries and Remuneration Commission Car Loan and Mortgage Scheme Regulations, 2017 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual of Kshs.6,000,000 and Kshs.13,121,161 respectively resulting in over-funding of Kshs.7,121,161 or 118% of the budget. Similarly, the Fund spent an amount of Kshs.5,743,835 against actual receipts of Kshs.13,121,161 resulting in under utilization of Kshs.7,377,326 or 56% of the actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

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 audit report of the previous year, issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit in financial year 2024/2025 revealed that the matters listed in **Appendix I** remained unresolved.

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information and Management, Scheme Fund Advisory Committee, Chairperson's Report, Report of the Officer Administering the Fund, Statement of Performance against predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administration Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 and 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 Management and those Charged with Governance**

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

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

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

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

Those charged with governance 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.

## **Appendix I; Unresolved Prior Year Matters**


1. Irregular investment of mortgage and car loan funds
2. Unbalanced budget

## **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**

**07 November, 2025**

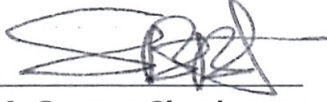
**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**


Description	Note	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
		Ksh	Ksh
<b>Revenue from exchange transactions</b>			
Interest income	7	8,679,207	8,329,331
Interest on individual staff mortgage and car loan	8	5,743,835	6,075,182
<b>Total revenue</b>		<b>14,423,042</b>	<b>14,373,991</b>
<b>Expenses</b>			
Fund administration expenses	9	5,743,835	6,075,182
General expenses		-	-
Withholding tax	10	1,301,881	1,249,400
<b>Total expenses</b>		<b>7,045,716</b>	<b>7,324,582</b>
<b>Surplus for the period</b>		<b>7,377,326</b>	<b>7,079,931</b>

{The notes set out on Pages 6 to 25 form an integral part of these Financial Statements}

The Scheme Fund financial statements were approved on 28<sup>th</sup> August 2025 and signed by:

  
**Mr. Sammy Chepkwony**  
 CHRP(K), FIHRM, mid  
 Chairperson

  
**CPA Margaret Njoka**  
 Ag. Commission Secretary/  
 Chief Executive Officer

  
**CPA Mary C. Konuche**  
 Head of Finance and  
 Accounts  
 ICPAK No: 9824

Date: 24/10/2025

Date: 24/10/2025


Date: 23/10/2025

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

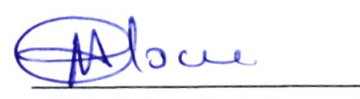
**14. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2025**

	Note	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
		Ksh	Ksh
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	133,648,488	48,342,923
Investment in Fixed Deposit		-	60,000,000
Current receivables from exchange transactions for car loan	12	3,937,525	4,145,872
Current receivables from exchange transactions for mortgage	12	13,647,085	14,348,960
<b>Total current assets</b>		<b>151,233,098</b>	<b>126,837,755</b>
<b>Non-current assets</b>			
Long term receivables from exchange transactions for car loan	12	6,213,642	8,261,651
Long term receivables from exchange transactions for mortgage	12	155,269,812	170,413,025
<b>Total non-current assets</b>		<b>161,483,454</b>	<b>178,674,676</b>
<b>Total assets</b>		<b>312,716,552</b>	<b>305,512,431</b>
<b>Liabilities</b>			
Trade and other payables from exchange transactions	13	1,662,793	1,835,998
<b>Total liabilities</b>		<b>1,662,793</b>	<b>1,835,998</b>
<b>Net assets</b>		<b>311,053,759</b>	<b>303,676,433</b>
<b>Represented By:</b>			
Revolving Fund	14	<b>288,675,603</b>	<b>288,675,603</b>
Accumulated surplus		<b>22,378,156</b>	<b>15,000,830</b>
<b>Total net assets</b>		<b>311,053,759</b>	<b>303,676,433</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Scheme Fund financial statements were approved on 28<sup>th</sup> August 2025 and signed by:

  
Mr. Sammy Chepkwony  
CHRP(K), FIHRM, mid  
Chairperson

  
CPA Margaret Njoka  
Ag. Commission Secretary/  
Chief Executive Officer

  
CPA Mary C. Konuche  
Head of Finance and  
Accounts

Date: 24/10/2025

Date: 24/10/2025

Date: 24/10/2025

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**


	Note	Revolving Fund	Accumulated Surplus	Total
				Ksh
<b>Balance as at 1 July 2023</b>		<b>288,675,603</b>	<b>7,920,898</b>	<b>296,596,501</b>
Surplus for the year		-	<b>7,079,932</b>	<b>7,079,932</b>
Funds received during the year		-	-	-
<b>Balance as at 30 June 2024</b>		<b>288,675,603</b>	<b>15,000,830</b>	<b>303,676,433</b>
<b>Balance as at 1 July 2024</b>		<b>288,675,603</b>	<b>15,000,830</b>	<b>303,676,433</b>
Surplus earned in 2024/25		-	7,377,326	7,377,326
Funds received during the period		-	-	-
<b>Balance as at 30<sup>th</sup> June 2025</b>		<b>288,675,603</b>	<b>22,378,156</b>	<b>311,053,759</b>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

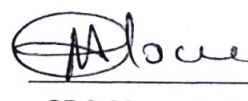
**14. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2025**

	Note	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
		Ksh	Ksh
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	133,648,488	48,342,923
Investments in Fixed Deposit		-	60,000,000
Current receivables from exchange transaction for car loan	12	3,937,525	4,145,872
Current receivables from exchange transaction for mortgage	12	13,647,085	14,348,960
<b>Total current assets</b>		<b>151,233,098</b>	<b>126,837,755</b>
<b>Non-current assets</b>			
Long term receivables from exchange transaction for car loan	12	6,213,642	8,261,651
Long term receivables from exchange transaction for mortgage	12	155,269,812	170,413,025
<b>Total non-current assets</b>		<b>161,483,454</b>	<b>178,674,676</b>
<b>Total assets</b>		<b>312,716,552</b>	<b>305,512,431</b>
<b>Liabilities</b>			
Trade and other payables from exchange transaction	13	1,662,793	1,835,998
<b>Total liabilities</b>		<b>1,662,793</b>	<b>1,835,998</b>
<b>Net assets</b>		<b>311,053,759</b>	<b>303,676,433</b>
<b>Represented By:</b>			
Revolving Fund	14	<b>288,675,603</b>	<b>288,675,603</b>
Accumulated surplus		<b>22,378,156</b>	<b>15,000,830</b>
<b>Total net assets</b>		<b>311,053,759</b>	<b>303,676,433</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Scheme Fund financial statements were approved on 28<sup>th</sup> August 2025 and signed by:

  
**Mr. Sammy Chepkwony**  
 CHRM (K), FIHRM, Miod  
 Chairperson

  
**CPA Margaret Njoka**  
 Ag. Commission Secretary/  
 Chief Executive Officer

  
**CPA Mary C. Konuche**  
 Head of Finance and  
 Accounts

Date: 24/10/2025

Date: 24/10/2025

ICPAK No: 9824  
 Date: 24/10/2025

Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

	Note	Revolving Fund	Accumulated Surplus	Total
				Ksh
<b>Balance as at 1 July 2023</b>		<b>288,675,603</b>	<b>7,920,898</b>	<b>5,596,501</b>
Surplus for the year		-	<b>7,079,932</b>	<b>7,079,932</b>
Funds received during the year		-	-	-
<b>Balance as at 30 June 2024</b>		<b>288,675,603</b>	<b>15,000,830</b>	<b>3,676,433</b>
<b>Balance as at 1 July 2024</b>		<b>288,675,603</b>	<b>15,000,830</b>	<b>3,676,433</b>
Surplus earned in 2024/25		-	7,377,326	7,377,326
Funds received during the period		-	-	-
<b>Balance as at 30<sup>th</sup> June 2025</b>		<b>288,675,603</b>	<b>22,378,156</b>	<b>1,053,759</b>
				31

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**16. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup>  
JUNE 2025**

	Note	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
		Ksh	Ksh
<b>Cash flows from operating activities</b>			
Surplus		7,377,326	7,079,931
(Increase) in current receivables	12	910,222	(3,519,982)
(Increase) in non-current receivables	12	17,191,222	(29,622,409)
Increase in accrued withholding tax		(173,205)	494,093
<b>Net cash flows from operating activities</b>	12	<b>25,305,565</b>	<b>(25,568,367)</b>
<b>Cash flows from investing activities</b>			
Transfer from the SRC Main A/C		-	-
Additional capital during year		-	-
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>		-	(60,000,000)
<b>Net cash flows used in financing activities</b>		-	<b>(60,000,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>25,305,565</b>	<b>(85,568,367)</b>
Cash and cash equivalents at 1 July (Beginning)	11	108,342,923	133,911,290
<b>Cash and cash equivalents at 30<sup>th</sup> June (End)</b>	11	<b>133,648,488</b>	<b>48,342,923</b>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	A	B	C=(a+b)	D		E=(d/c)
Revenue	Ksh	Ksh	Ksh	Ksh	Ksh	
Commission Transfers	-	-	-	-	-	
Interest income (Net of withholding tax)	6,000,000	-	6,000,000	7,377,326	1,377,326	123%
Interest on individual staff mortgage and car loan	-	-	-	5,743,835	5,743,835	100%
<b>Total income</b>	<b>6,000,000</b>	<b>-</b>	<b>6,000,000</b>	<b>13,121,161</b>	<b>7,121,161</b>	
Expenses						
Administrative cost	-	-	-	5,743,835	5,743,835	100%
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,743,835</b>	<b>5,743,835</b>	<b>100%</b>
<b>Net Income</b>	<b>6,000,000</b>	<b>-</b>	<b>6,000,000</b>	<b>7,377,326</b>	<b>1,377,326</b>	<b>123%</b>

**a) Explanation notes for the differences between the actual and budgeted amounts (10 per cent and over/under):**

**I.)** The interest amount is an initiative by the Management to grow the Scheme Fund by utilising uncommitted funds. The amount received in the financial period is **123%** of amount budgeted.

**Ii)** This can be attributed to the high interest rates prevailing in the country during the earlier part of the period occasioned by high CBK rate.

**b) Explanation note for the changes between the original and final budget:** There were no changes between original and final budget.

**c) The Scheme Fund is administered by the Co-operative Bank at an administrative cost of three 3 per cent:** This cost is borne by the successful applicants on a reducing balance basis. The amount appears as an income and also an expense thus the budget did not capture the amount as it has no effect on the surplus/ deficit in the statement of financial performance and no impact on the statements of Financial Position and the Statement of Changes in Net Assets.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**18. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

SRC is established by and derives its authority and accountability from Article 230 of the Constitution, and was operationalized by SRC Act, 2011. The Commission is wholly owned by the Government of Kenya (GOK) and is domiciled in Kenya. The Commission's principal activity is to set and regularly review the remuneration and benefits of all State officers, and to advise the national and county governments on the remuneration and benefits of all public officers.

The Staff Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from the Salaries and Remuneration Regulations of 2017.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis, unless stated otherwise. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Scheme Fund.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise and in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The policies adopted have been consistently applied to all the years presented.

**3. Adoption Of New and Revised Standards**

**(i) New and amended standards and interpretations in issue effective in the year ended June 2025.**

There are no new amended standards effective in the financial year.

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

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

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

	<b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>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><b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b></p>
IPSAS 45: Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>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><b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b></p>
IPSAS 46: Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> </ul>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b></p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b></p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b></p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b></p>
IPSAS 50:	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 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"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ul> <p><b>The Standard has no impact on the Salaries and Remuneration Commission staff Mortgage and Car loan Scheme Fund.</b></p>
---------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**iii. Early adoption of standards**

The Salaries and Remuneration Commission did not early – adopt any new or amended standards in the financial year.

**4. Significant Accounting Policies**

**a) Revenue recognition**

**(i) Revenue from non-exchange transactions**

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.

**(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.

**b) Budget information**

The original budget for the FY 2024/2025 was approved. Subsequent revisions or additional appropriations may be made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Scheme Fund upon receiving the respective approvals to conclude the final budget.

## **Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

Accordingly, the Scheme Fund did not have any additional budgetary allocation on the appropriations for the FY 2024/2025 budget.

### **C.) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The SRC Mortgage and car loan scheme fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Fund'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 Scheme fund 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.

#### **I. Financial assets**

##### **Classification of financial assets**

The Fund 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.

##### **Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments; recognition and measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The fund determines the classification of its financial assets at initial recognition.

##### **Subsequent measurement**

Based on the business model and the cash flow characteristics, the Scheme Funds 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.

## **Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

### **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 shall be measured at fair value through surplus or deficit.

### **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 of financial assets**

The Fund assesses at each reporting date whether there is objective evidence that a financial asset of a Fund of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act, 2012. A financial asset of the Fund is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss has an impact on the estimated future cashflows of the Fund that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the fund are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cashflows (e.g. Changes in arrears or economic conditions that correlate with defaults).

## **II Financial liabilities**

The Scheme Fund classifies its liabilities as subsequently measured at amortised cost except for financial liabilities measured through profit or loss.

### **D.) 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. The Fund is administrator of Co-operative bank in line with the MOU and the scheme's approved regulations.

## **Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

### **E.) 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 in current and on-call deposit accounts at the Co-operative bank at the end of the period.

### **F.) Comparative figures**

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

### **G. Events after the reporting period**

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

### **H. Ultimate and Holding Fund**

The Fund is established under Section 24 (4) PFM Act under the Salaries and Remuneration Commission. Its ultimate parent is the Government of Kenya.

### **I. Currency**

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

## **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.

As at the point of preparation of these financial statements, there were no assumptions

### **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.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**Notes to the Financial Statements**

**6. Transfers from the National Treasury**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
Transfers from the National Treasury	-	-
<b>Total other income</b>	-	-

**7. Interest Income**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
Interest from on-call deposit account at 3%	1,660,051	1,277,144
Interest from fixed deposit at 8%	-	575,450
Interest from fixed deposit at 9%	-	673,151
Interest from fixed deposit at 10%	-	2,988,903
Interest from fixed deposit at 17% 60M	2,313,114	2,814,683
Interest from fixed deposit at 15.75% 60M	4,706,042	
<b>Net Interest income</b>	<b>8,679,207</b>	<b>8,329,331</b>

**8. Interest on individual staff mortgage and car loan; 3%**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
Interest on individual staff mortgage and car loans	5,743,835	6,075,182
<b>Total other income</b>	<b>5,743,835</b>	<b>6,075,182</b>

**9. Fund administration expenses**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
Administrative cost	5,743,835	6,075,182
<b>Total cost</b>	<b>5,743,835</b>	<b>6,075,182</b>

**Note:** The Fund administration expense is charged on the applicants at the rate of three (3) per cent per annum, payable by the loanees on a reducing balance basis.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**10. Withholding tax**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
15% withholding tax on interest income	1,301,881	1,249,400

**11. Cash and cash equivalents**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
On-call deposits	133,648,488	48,342,923
Current account	-	-
Fixed deposit (6 months)	-	60,000,000
<b>Total cash and cash equivalents</b>	<b>133,648,488</b>	<b>108,342,923</b>

**12. Receivables from exchange transactions**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
<b>Current receivables</b>		
Current loan repayments from car loan	3,937,525	4,145,872
Current loan repayments from mortgage	13,647,085	14,348,960
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>17,584,610</b>	<b>18,494,832</b>
<b>Non-current receivables</b>		
Long term loan repayments due from car loan	6,213,642	8,261,651
Long term loan repayments due from mortgage	155,269,813	170,413,025
<b>Total Non-current receivables</b>	<b>161,483,455</b>	<b>178,674,675</b>
<b>Total receivables</b>	<b>179,068,065</b>	<b>197,169,565</b>

**13. Trade and other payables from exchange transactions**

Description	Period ended 30 <sup>th</sup> June 2025	Period ended 30 <sup>th</sup> June 2024
	Ksh	Ksh
Withholding tax accrued at beginning of year	1,835,998	1,341,905
Additional accrued tax	1,301,881	1,249,400
Withholding tax paid in the period	(1,475,086)	(755,306)
<b>Accrued balance as at close of period</b>	<b>1,662,793</b>	<b>1,835,999</b>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**14.Revolving Fund**

	<b>Revolving Fund</b>	<b>Accumulated Surplus</b>	<b>Total</b>
<b>Balance as at July 2023</b>	<b>288,675,603</b>	<b>7,920,898</b>	<b>296,596,501</b>
Fund transfer during the year	-	-	-
Surplus for the year	-	7,079,932	7,079,932
<b>Balance as at June 2024</b>	<b>288,675,603</b>	<b>15,000,830</b>	<b>303,676,433</b>
Fund transfer during the period	-	-	-
Surplus for the period	-	7,377,326	7,377,326
<b>Balance as at 30<sup>th</sup> June 2025</b>	<b>288,675,603</b>	<b>22,378,156</b>	<b>311,053,759</b>

**15.Net cash flow from operating activities**

<b>Description</b>	<b>Period ended 30<sup>th</sup> June 2025</b>	<b>Period ended 30<sup>th</sup> June 2024</b>
	<b>Ksh</b>	<b>Ksh</b>
Surplus for the period after tax	7,377,326	7,079,931
Decrease in current receivables	724,349	(3,519,982)
Decrease in non-current receivables	16,760,344	(29,622,409)
Increase in accrued withholding tax	(173,205)	494,093
<b>Net cash flow from operating activities</b>	<b>24,688,816</b>	<b>25,568,367</b>

**16.Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to applicants with an established credit history. The Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a beneficiary will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables.

Management assesses the credit quality of each beneficiary, taking into account its disposable income, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set in the scheme fund regulations. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Ksh	Fully performing Ksh	Past due Ksh	Impaired Ksh
<b>As at 30 June 2024</b>				
Receivables from Exchange Transactions - Car loans and mortgages	197,169,565	197,169,565	-	-
Bank Balances	108,342,865	108,342,865	-	-
<b>Total</b>	<b>305,512,431</b>	<b>305,512,431</b>		
<b>As at 30 June 2025</b>				
Receivables from Exchange Transactions - Car loans and mortgages	179,068,064	179,068,064	-	-
Bank Balances	133,648,488	133,648,488	-	-
<b>Total</b>	<b>312,716,552</b>	<b>312,716,552</b>	-	-

The beneficiaries under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and no amount has been identified as unrecoverable therefore no allowance has been provided for bad debts. The Fund has significant concentration of credit risk on amounts due from staff loan beneficiaries.

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

**b) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Ksh	Ksh	Ksh	Ksh
<b>As at 30 June 2025</b>				
Accrued withholding tax	-	-	1,662,793	1,662,793
<b>Total</b>	-	-	<b>1,662,793</b>	<b>1,662,793</b>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

<b>As at 30 June 2025</b>				
Accrued withholding tax	-	-	1,662,793	1,662,793
<b>Total</b>	-	-	<b>1,662,793</b>	<b>1,662,793</b>

**c) Market risk**

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

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

The Mortgage and Car Loan Scheme Fund Advisory Committee is responsible for the development of detailed risk management policies (*subject to review and approval by the Commission*) and for the day-to-day implementation of those policies.

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

**d) Interest rate risk**

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

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to only bank with institutions that offer favourable interest rates and are regulated by the Central Bank of Kenya.

**e) Capital risk management.**

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

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Ksh</b>	<b>Ksh</b>
Revolving fund	288,675,603	288,675,603
Accumulated surplus ( <i>Reserves</i> )	22,378,156	15,000,830
<b>Total funds</b>	<b>311,053,759</b>	<b>303,676,433</b>
Less: cash and bank balances	(133,648,488)	(108,342,865)
Net debt (excess of cash and cash equivalents)	177,405,271	196,742,050
<b>Gearing</b>	<b>57%</b>	<b>65%</b>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**17. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund is related to the Salaries and Remuneration Commission which provides management and financial support to the scheme.

**b) Related party transactions**

Transfers from related parties

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

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund ,  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**19. ANNEXURES**


**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Irregular Investment of Mortgage and Car Loan Funds	In compliance to the Circular issued, the Commission opened an account with CBK and is now investing in Treasury bills. The first batch of investment was done in the month of August 2025	Resolved	
2.0	Unbalanced budget. The budget did not have a corresponding side for expenditure against the revenue	The Commission prepared its first Mortgage and car loan budget in the financial year 2023/24. The Mortgage and car loan scheme fund does not incur expenses except those charged to the loans already disbursed to employees. Since the budget did not capture the revenue from the loaned amounts , it did not also capture this expense. The amounts are both the 3% charged on loan amounts thus there was no effect on the budget.  However, to disclose the information as required, management has included both the Revenue and Expenditure	Resolved.	

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		sides in the budget for the financial year 2025/26.		

  
 \_\_\_\_\_  
 CPA Margaret Njoka  
 AG. Commission Secretary/CEO  
 Date: 24/10/2025

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund ,  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**Annex 2 Statement of Financial Performance Per Quarter**

Description	Q1 Ksh	Q2 Ksh	Q3 Ksh	Q4 Ksh	Cumulative as at 30 <sup>th</sup> June 2025
Revenue from non-exchange transactions	-	-	-	-	
<b>Revenue from exchange transactions</b>	-	-	-	-	
Interest income	2,313,115	2,172,019	1,788,830	2,405,243	8,679,207
<b>Total Revenue</b>	<b>2,313,115</b>	<b>2,172,019</b>	<b>1,788,830</b>	<b>2,405,243</b>	<b>8,679,207</b>
<b>Expenses</b>	-	-			
Withholding tax	346,967	325,803	434,400	194,711	1,301,881
<b>Total Expenses</b>	<b>346,967</b>	<b>325,803</b>	<b>434,400</b>	<b>194,711</b>	<b>1,301,881</b>

**Salaries and Remuneration Commission- Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**Appendix 3: SRC Transfers to the Fund**

<b>NO.</b>	<b>Ref. No.</b>	<b>Year</b>	<b>Date</b>	<b>Amount Ksh</b>
<b>1.</b>	-	-	-	-

