

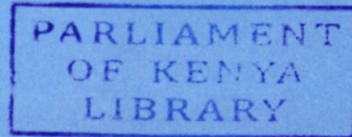
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

**NATIONAL CEREALS AND PRODUCE BOARD
STAFF HOUSE MORTGAGE FUND**

FOR THE YEAR ENDED

30 JUNE, 2025
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 MAR 2026

DAY:
Thursday

TABLED
BY:

Hon Owen Bora, MP
Deputy Leader of Majority Party

CLERK-AT
TABLE:

A. Shibusko



NATIONAL CEREALS AND PRODUCE BOARD

STAFF HOUSE MORTGAGE FUND

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

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

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations And Acronyms

NCPB	National Cereals and Produce Board
MD	Managing Director
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
SRC	Salary and Remuneration Commission
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SC	State Corporation
SAGAs	Semi-Autonomous Government Agencies
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss

B. Glossary of Terms

Staff Loan Committee- Members of management entrusted directly with the responsibility and trust for the organisation financial resources.

Comparative Year- Means the prior period.

2. Key Fund information and management

a) Background information

National Cereals and Produce Board Staff House Mortgage Scheme was established by and derives its authority and accountability from the provisions under Section 84(1), Section 24(1) (4) (5) (6) (7) of the PFM Act, 2012. The NCPB Staff House Mortgage Fund was set in the financial year 2016-2017 as a revolving fund pursuant to the salaries and Remuneration Commission (SRC) Circular Ref No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014 on Mortgage and Car Loan Schemes for State Officers and Other Public Officers of Government of Kenya, with the Objective of providing a loan scheme for the purpose of acquisition of Residential property for staff. The Fund is wholly owned by the NATIONAL CEREALS AND PRODUCE BOARD and is domiciled in Kenya.

b) Principal Activities

The principal activity and mission of the NCPB Staff House Mortgage Fund is to facilitate access to affordable housing for employees of the National Cereals and Produce Board (NCPB) through the provision of housing loan facilities.

In line with the Fund's objectives and governing regulations, loans granted under the Fund shall be solely utilized for the following purposes:

1. Purchase of a residential house for occupation by the applicant.
2. Improvement or renovation of a residential house occupied by the applicant.
3. Development or construction of a residential house for occupation by the applicant.
4. Purchase of land and subsequent development of a residential house for occupation by the applicant.
5. Equity release to finance improvement or development of a residential property occupied by the applicant.

Provided that, loans granted under these regulations shall not be utilized for commercial purposes.

Furthermore, a loan for the development of residential property shall be granted at the discretion of the Committee or the financial institution administering the Fund, and only to an

employee who holds a valid title deed for the land on which the development is to be undertaken.

Staff Loans Committee:

The Fund is administered by the Staff Loans Committee, who oversees the day-to-day operations and ensures the Fund's objectives are met.

Additionally, the Staff Loans Committee is responsible for processing loan applications in line with approved regulations. The Committee's roles include:

1. Processing loans and submitting them to the financial institution administering the scheme.
2. Determining and regulating interest rates payable by loan recipients.
3. Liaising with the financial institution to establish a revolving fund for loan disbursement.
4. Overseeing the overall management of the Fund.
5. Monitoring and evaluating the Fund's performance.
6. Approving annual work programs and procurement plans.
7. Recommending investment strategies for surplus funds.
8. Maintaining proper financial records.
9. Receiving external funding sources such as gifts, donations, grants, or endowments.
10. Reviewing and recommending approval of financial statements.
11. Recommending the selection of a financial institution to administer the Fund, as needed.
12. Establishing management guidelines and hiring necessary staff to assist in Fund administration.
13. Performing any other functions that are ancillary to the Fund's objectives and purpose.

Vision, Mission, and Core Objectives:

- **Vision:** To become a leading provider of affordable housing solutions for NCPB employees, enhancing their well-being and quality of life.
- **Mission:** To facilitate access to housing through the provision of tailored financial solutions and the development of quality residential units while maintaining financial sustainability.

- **Core Objectives:**

1. To provide accessible housing finance options for NCPB employees.
2. To ensure the availability of quality residential units for purchase or rental.
3. To prudently manage the Fund's resources for the benefit of NCPB employees.
4. To continually improve and expand the Fund's services to meet the evolving needs of employees.

c) Staff Loan Committee

Ref	Position	Name
1	Chairperson	Mr. John Gichuru
2	Secretary	Mr. James Theuri
3	Committee Member	Ms. Veronicah M. Shiundu
4	Committee Member	Mr. Charles Onchangwa
5	Committee Member	Ms. Maureen Letting
6	Committee Member	Ms. Anne Khisa
7	Committee Member	Ms. Rosemary Kweya

d) Key Management

Ref	Position	Name
1.	Fund Chairperson	Mr. John Gichuru
2.	Fund Administrator	Mr. James Theuri
3.	Fund Accountant	Mr. Charles Onchangwa
4.	Fund Legal Advisor	Ms. Veronicah M. Shiundu

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1.	Directorate Internal Audit	NCPB Internal- Audit

f) Registered Offices

P.O. Box 30586, Nairobi, KENYA
Nyumba ya Nafaka
Machakos Road

g) Fund Contacts

Telephone: (254) (20) 536028/555288

E-mail: md@ncpb.co.ke

Website: ncpb.co.ke

h) Fund Bankers

Co-operative Bank of Kenya

P.O. Box 48231

NAIROBI

i) Independent Auditors

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084, GPO 00100, Nairobi, Kenya

j) Principal Legal Adviser


The Attorney General




State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112, City Square 00200, Nairobi, Kenya

3. Staff Loan Committee

Name	Details of qualifications and experience
<p>1. Chairperson, Staff loans committee, Mr. John Gichuru</p> 	<p>Mr. Gichuru possesses over 20 years' experience in financial management having previously worked with Homegrown K. Ltd and as a Consultant with World Bank. Holds a BA Economics and Business Studies from Kenyatta University and CPA (K) as well as a Trustee Development Programme Kenya (TDPK) certificate of proficiency. Responsible for the implementation of an appropriate accounting systems, producing financial reports and maintaining sound financial records.</p>
<p>2. Secretary, Staff loans committee, Mr. James Theuri</p> 	<p>Mr. James Theuri holds a Bachelor of Education (Science), Honours, from Egerton University and a Higher Diploma in Human Resource Management from the Kenya Polytechnic. He joined the National Cereals and Produce Board (NCPB) in 2012, where he has served in the Business and Research Development Department. Prior to joining the Board, Mr. Theuri worked with the Teachers Service Commission (TSC) for 15 years, gaining extensive experience in education management, administration, and stakeholder engagement. He has also completed a Senior Management Course at the Kenya School of Government (KSG).</p>
<p>3. Staff loans committee Member, Mr. Charles Onchangwa</p> 	<p>Mr. Charles M. Onchangwa holds a Bachelor of Finance and Banking (Honours) degree from Moi University and is a Certified Public Accountant (CPA-K). He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Mr. Onchangwa joined the organization in 2007 and has since served in various capacities within the Finance Department, steadily rising through the ranks to his current position as the Acting Chief Accountant. Throughout his career, he has demonstrated exceptional leadership, financial management expertise, and a strong commitment to institutional growth and accountability. In addition to his current role, Mr. Onchangwa serves as a Director at Nafasi SACCO Ltd.</p>

<p>4. Staff loans committee Member, Ms. Veronicah M. Shiundu</p> 	<p>Ms. Shiundu holds a Bachelors of Law degree from Moi University (2012), a Post-Graduate Diploma from the Kenya School of Law (2014). She was admitted to the bar in March 2015 before joining the Board in October 2015. She is also a Certified Professional Mediator, CPM(MTI), Currently she is undertaking a Master of Laws degree and a Certified Secretaries Course (Intermediate Level). Prior to joining NCPB, She worked as an associate advocate at the firm of Ajaa Olubayi & Company Advocates. Ms. Veronicah is currently serving the board as the acting Head of Legal Services as from 2nd May 2024.</p>
<p>5. Staff loans committee Member, Ms. Maureen Letting</p> 	<p>Ms. Maureen Letting holds a Bachelor of Business Management degree with a specialization in Purchasing and Supplies from Moi University, as well as a Diploma from the Chartered Institute of Purchasing and Supplies (CIPS), UK. She is a member of both the Chartered Institute of Purchasing and Supplies (CIPS) and the Kenya Institute of Supplies Management (KISM). Ms. Letting has over 11 years of professional experience in procurement, with a strong background in sourcing, supply chain management, contract management, and procurement compliance. Her expertise reflects a solid blend of academic training, professional certification, and hands-on industry experience.</p>
<p>6. Staff loans committee Member, Ms Rosemary Kweya</p> 	<p>Mrs. Rosemary Kweya holds a Master of Science degree in Marketing and a Bachelor's degree in Agriculture, both from the University of Nairobi. She also possesses a Diploma in Marketing Management from the Kenya Institute of Management. With over 30 years of dedicated service at the National Cereals and Produce Board (NCPB), she has served in various strategic and managerial roles. She currently serves as the Deputy Manager, Corporate Planning, where she plays a key role in shaping the Board's strategic direction and institutional development. Mrs. Kweya also provides leadership to staff welfare initiatives and is the Chairperson of the NCPB Staff Provident Fund, where she oversees governance, growth, and sustainability of the Fund.</p>


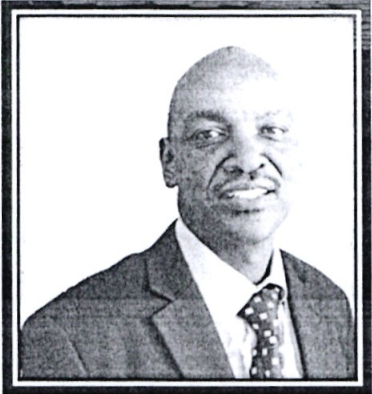

7. Staff loans committee Member,

Ms Anne Khisa



Mrs. Anne Khisa has served the National Cereals and Produce Board (NCPB) for 28 years, during which she has held various positions and progressively risen through the ranks to her current role as Deputy Manager, Services Marketing. Throughout her tenure, she has demonstrated unwavering dedication, exemplary leadership, and has made notable contributions to strengthening the Board's marketing, customer service, and service delivery functions. She holds a Master's Degree in Marketing from the University of Nairobi and a Diploma in Marketing Management from the Kenya Institute of Management. These qualifications, combined with her extensive experience, have equipped her with strong competencies in strategic marketing, customer relations, and institutional development.

4. Management Team

Name	Details of qualifications and experience
<p>1. Chairperson, Staff loans committee, Mr. John Gichuru</p> 	<p>Mr. Gichuru possesses over 20 years' experience in financial management having previously worked with Homegrown K. Ltd and as a Consultant with World Bank. Holds a BA Economics and Business Studies from Kenyatta University and CPA (K) as well as a Trustee Development Programme Kenya (TDPK) certificate of proficiency. Responsible for the implementation of an appropriate accounting systems, producing financial reports and maintaining sound financial records.</p>
<p>2. Fund Administrator, Mr. James Theuri</p> 	<p>Mr. James Theuri holds a Bachelor of Education (Science), Honours, from Egerton University and a Higher Diploma in Human Resource Management from the Kenya Polytechnic. He joined the National Cereals and Produce Board (NCPB) in 2012, where he has served in the Business and Research Development Department. Prior to joining the Board, Mr. Theuri worked with the Teachers Service Commission (TSC) for 15 years, gaining extensive experience in education management, administration, and stakeholder engagement. He has also completed a Senior Management Course at the Kenya School of Government (KSG).</p>
<p>3. Fund Accountant, Mr. Charles Onchangwa</p> 	<p>Mr. Charles M. Onchangwa holds a Bachelor of Finance and Banking (Honours) degree from Moi University and is a Certified Public Accountant (CPA-K). He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Mr. Onchangwa joined the organization in 2007 and has since served in various capacities within the Finance Department, steadily rising through the ranks to his current position as the Acting Chief Accountant. Throughout his career, he has demonstrated exceptional leadership, financial management expertise, and a strong commitment to institutional growth and accountability. In addition to his current role, Mr. Onchangwa serves as a Director at Nafasi SACCO Ltd.</p>

4. Fund Legal Advisor, Ms.

Veronicah M. Shiundu



Ms. Shiundu holds a Bachelors of Law degree from Moi University (2012), a Post-Graduate Diploma from the Kenya School of Law (2014). She was admitted to the bar in March 2015 before joining the Board in October 2015. She is also a Certified Professional Mediator, CPM (MTI), Currently she is undertaking a Master of Laws degree and a Certified Secretaries Course (Intermediate Level). Prior to joining NCPB, She worked as an associate advocate at the firm of Ajaa Olubayi & Company Advocates. Ms. Veronicah is currently serving the board as the acting Head of Legal Services as from 2nd May 2024.

1. Chairman's Report

Successes Achieved:

The NCPB Staff House Mortgage Fund has continued to evolve and make strides in its mission to provide affordable housing solutions for our dedicated employees. As we reflect on the past financial year, we are pleased to report several key successes:

1. **Increased Participation:** We are excited to announce that eleven members have successfully taken advantage of the Mortgage Loan since the Fund's inception. This marks a significant step forward in our goal to enable staff to acquire residential homes at favorable interest rates.
2. **Fund Operations:** The NCPB Staff House Mortgage Fund is operating efficiently under the established regulations and administrative structure. The Staff Loans Committee and Fund Administrator have played vital roles in facilitating loan approvals and ensuring smooth operations.
3. **Positive Member Feedback:** We have received positive feedback from members who have accessed the Fund, highlighting the impact it has had on their lives and their appreciation for the affordable housing options available to them.
4. **Ongoing Awareness Efforts:** Our continuous awareness campaigns have begun to bear fruit, as more members are becoming informed about the benefits of the Mortgage Fund. We will persist in our efforts to ensure all employees are aware of the resources available to them.

Challenges Faced:

Despite our successes, we have encountered some ongoing challenges that we must address:

1. **Continued Low Application Numbers:** While we have eleven successful applicants, we still observe a relatively low number of loan applications overall. We recognize that applying for a mortgage can be daunting, and we are committed to providing additional support and information to encourage broader participation.
2. **Economic and Housing Market Factors:** External economic conditions and fluctuations in the housing market continue to pose challenges. We are committed to closely monitoring these dynamics to adapt our strategies and ensure the Fund's sustainability.

Future Outlook:

As we look to the future, we remain optimistic about the continued growth and success of the NCPB Staff House Mortgage Fund. Our focus will be on several key areas:

1. **Enhanced Member Engagement:** We will further engage with our members, ensuring they feel supported throughout the loan application process. Regular feedback sessions will help us understand their needs better.
2. **Targeted Awareness Campaigns:** We plan to launch more targeted awareness campaigns to educate all eligible employees about the benefits and terms of the Fund, empowering them to make informed decisions.

3. **Continuous Market Monitoring:** Our commitment to analyzing housing market trends will remain a priority, allowing us to navigate external challenges effectively.
4. **Financial Sustainability:** Ensuring the long-term sustainability of the Fund is paramount. We will continue to manage resources judiciously to secure its future viability and impact.

In conclusion, I extend my sincere gratitude to the management team, the Staff Loan Committee, and all stakeholders for their dedication and hard work in supporting the NCPB Staff House Mortgage Fund. Together, we can overcome challenges, seize opportunities, and continue to make affordable housing a reality for our NCPB family.

I encourage all members to actively participate, ask questions, and provide feedback. Your engagement is essential as we strive to enhance the well-being and quality of life for our dedicated employees through this important initiative.

Sincerely,



John Gichuru

CHAIRPERSON, STAFF LOAN COMMITTEE

2. Report of the NCPB Managing Director

Overview and Progress:

As we progress into the third year of the NCPB Staff House Mortgage Fund, I am pleased to report tangible improvements and successes, while acknowledging areas that require continued focus. The Fund remains committed to providing affordable housing loan facilities for our employees, and we have taken notable steps towards realizing this goal.

Key Achievements:

1. **Increased Participation:** Since the establishment of the Fund, eleven employees have successfully applied for and received mortgage loans. This is a promising step forward, demonstrating increased member engagement and trust in the initiative.
2. **Sustained Budgetary Support:** The Fund continues to benefit from the initial capital injection from the 2020/2021 NCPB budget. While this has provided a solid financial base, we are now exploring sustainable ways to secure additional funding and ensure the Fund's long-term viability.
3. **Ongoing Compliance:** The NCPB Staff House Mortgage Fund remains fully compliant with regulatory guidelines. The Staff Loans Committee has been instrumental in ensuring that loan applications are processed transparently, and risks are managed efficiently. We continue to operate under the approved framework, which has proven effective.
4. **Awareness Campaigns:** Our awareness and educational campaigns have started yielding results, with more employees engaging with the Fund and exploring mortgage options. We remain committed to broadening this outreach to ensure that all eligible staff members are informed about the benefits and terms of the Fund.

Challenges and Mitigation Strategies:

While we have seen growth, challenges persist, and addressing these challenges is critical for sustained progress.

1. **Moderate Application Rate:** Despite the increase in loan applications, overall participation remains below expectations. We acknowledge that applying for a mortgage loan can be a significant decision, and we are ramping up efforts to provide personalized consultations and additional resources to guide employees through the process.
2. **Economic Factors:** External economic conditions, such as inflation and interest rate fluctuations, continue to affect housing affordability. We are closely monitoring these factors and are considering potential adjustments to ensure that our mortgage offerings remain attractive and accessible to employees.
3. **Long-Term Financial Sustainability:** The initial capital injection was crucial for launching the Fund, but its sustainability will depend on identifying new revenue streams or partnerships. We are actively seeking partnerships with financial institutions and exploring potential government incentives to secure additional funding and keep interest rates competitive.

Financial Outlook:

Despite the challenges, the NCPB Staff House Mortgage Fund remains financially stable. The prudent management of resources, coupled with the gradual increase in loan applications, positions us well for future growth. However, long-term financial sustainability will require continued strategic planning and external collaboration.

Future Directions:

As we look ahead, our primary focus will be on:

1. **Enhanced Member Engagement:** We will intensify our engagement efforts to better understand and address employee concerns, making it easier for them to take advantage of the mortgage opportunities available.
2. **Continued Awareness Efforts:** Expanding our educational campaigns to ensure that every eligible employee understands the full range of benefits and the process for applying to the Fund.
3. **Financial Stability:** Seeking new partnerships and funding sources to ensure the Fund's long-term viability and maintain favorable interest rates.

In conclusion, I would like to extend my sincere thanks to the NCPB management team, the Staff Loan Committee, and all stakeholders who have supported the Fund's development and operations. Together, we have made progress, and I am confident that we will continue to build on this momentum to achieve greater success in the coming years.

I encourage all employees to take part in this initiative, ask questions, and provide feedback. Your active participation is essential to making affordable housing a reality for all NCPB staff members.

Sincerely,



James Theuri
Fund Administrator

3. Statement of Performance against Predetermined Objectives

Overview:

In compliance with Section 81(2)(f) of the Public Finance Management Act of 2012, the National Cereals and Produce Board (NCPB) continues to uphold its statutory obligations. The Accounting Officer has prepared the financial statements for FY 2024/2025, which include a report on the NCPB's performance against predetermined objectives. These objectives align with the NCPB 2022-2027 Strategic Plan, including the key strategic aim to attract and retain quality human capital as set forth in the Salaries and Remuneration Commission (SRC) guidelines.

Key Strategic Objective:

KRA 5. Human Capital Capacity

Strategic Objective 5: To attract and retain quality human capital to improve organizational performance.

As part of achieving this objective, the NCPB Staff House Mortgage Fund was established to provide employees with an opportunity to access affordable housing loans, thus enhancing their well-being and job satisfaction. The Fund is a crucial initiative under this strategic pillar.

Performance Overview for FY 2024/2025:

Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators	Activities	Achievements
Human Capital Capacity	To attract and retain quality human capital to improve organizational performance	<ul style="list-style-type: none"> - Increase in the number of employees participating in the mortgage scheme. - Establishment of a sustainable funding mechanism for the mortgage scheme. 	<ul style="list-style-type: none"> - Continuous engagement and awareness campaigns to educate staff. - Development of support materials and consultations to facilitate loan applications. 	<ul style="list-style-type: none"> - eleven members have successfully taken out mortgage loans. - The administrative framework and operational processes continue to function effectively, supporting the Fund's operations.

Achievements for FY 2024/2025:

1. **Active Participation:** The NCPB Staff House Mortgage Fund has seen an increase in participation, with eleven staff members successfully securing housing loans. This marks a significant step toward the Fund's objective of enhancing employee retention and job satisfaction.
2. **Operational Efficiency:** The Fund continues to operate within the guidelines set forth in the NCPB 2022-2027 Strategic Plan, and its administrative structure remains robust. The

Staff Loans Committee and the Fund Administrator have ensured efficient processing of applications and the overall management of the Fund.

3. **Member Engagement and Awareness:** Through ongoing awareness campaigns and educational outreach, the NCPB has increased interest in the scheme, encouraging more employees to consider the mortgage opportunities available to them.

Key Performance Indicators and Future Focus:

1. **Increased Staff Participation:** The key performance indicator for the coming years is an increase in the number of employees actively participating in the mortgage scheme. The NCPB is committed to supporting staff through the application process and ensuring that this scheme benefits a larger proportion of its workforce.
2. **Sustainability and Growth:** Another focus area for future performance is the sustainability of the Fund. The NCPB will continue to explore additional funding sources and partnerships to ensure the long-term viability of the mortgage scheme.

Conclusion:

The NCPB remains fully committed to its strategic objective of attracting and retaining high-quality human capital. The Staff House Mortgage Fund is a critical element in achieving this goal, and although the uptake is still growing, the groundwork has been laid for future success. Moving forward, the NCPB will intensify its efforts to increase participation and ensure the scheme contributes meaningfully to employee well-being and organizational performance.

This progress underscores the NCPB's continued dedication to aligning its activities with the strategic objectives, as outlined in the NCPB 2022-2027 Strategic Plan. With the foundation now firmly established, the NCPB expects increased engagement and stronger outcomes in future periods.

4. Corporate Governance Statement

The NCPB Staff House Mortgage Fund is committed to the highest standards of corporate governance, transparency, and accountability in all our operations. In this Corporate Governance Statement, we provide insights into our governance framework, processes, and practices to ensure the responsible management of the Fund.

a. Process of Appointment and Removal of Staff Loan Committee:

The Staff Loan Committee members of the NCPB Staff House Mortgage Fund are appointed based on their qualifications, experience, and commitment to the Fund's objectives. The process includes nominations, evaluations, and approval by the NCPB Managing Director. Removal of members follows established procedures outlined in our regulations and is only done for justifiable reasons.

b. Roles and Functions of the Staff Loan Committee:

The Staff Loan Committee members play a critical role in overseeing the operations of the Fund. Their responsibilities include:

- Processing loan applications in accordance with approved regulations.
- Determining and regulating interest payable by loanees.
- Liaising with financial institutions for loan disbursement.
- Overseeing the management of the Fund.
- Monitoring and evaluating Fund performance.
- Approving annual work programs and procurement plans.
- Recommending the investment of surplus funds.
- Ensuring proper financial and administrative records are kept.

c. Number of Staff Loan Committee Meetings Held and Attendance:

In FY 2024/2025, four Staff Loan Committee meetings were held. Attendance records indicate full participation by all committee members, reflecting a strong commitment to the Fund's objectives and operational goals.

d. Succession Plan:

Progress has been made in developing a formal succession plan, with guidelines drafted for identifying and training potential future committee members. This plan ensures that leadership continuity is maintained, with mentorship and leadership development being key components of the governance strategy.

e. Existence of a Service Charter:

The Service Charter, which serves as a cornerstone of our commitment to quality service delivery, is in place. It clearly defines service standards, response timelines, and the level of support members can expect from the Fund. Its adoption represents a key step toward strengthening accountability, transparency, and member satisfaction

f. Induction and Training:

All committee members participated in a comprehensive induction and training program tailored to the Fund's operational and governance requirements. The program was further expanded to include workshops on risk management, financial oversight, and conflict resolution. In addition, ongoing performance evaluations are conducted to promote continuous improvement and ensure alignment with governance best practices.

g. Conflict of Interest:

To maintain the highest standards of integrity, all Committee members are required to disclose any potential conflicts of interest. The Fund is committed to managing and mitigating conflicts in a transparent and ethical manner.

h. Staff Loan Committee Remuneration:

As of the reporting date, no remuneration has been determined for Staff Loan Committee members. Remuneration decisions will be made in accordance with existing laws and regulations.

i. Compliance with Existing Laws and Regulations:

The Fund is fully committed to compliance with all existing laws, regulations, and guidelines governing our operations. We maintain a constant focus on adherence to legal requirements to ensure the integrity of our operations.

j. Ethics and Conduct, and Governance Audit:

We place strong emphasis on ethical behaviour and conduct in all our operations. While we are in the early stages, we are actively considering a governance audit to assess and enhance our governance practices.

5. Management Discussion and Analysis

In this Management Discussion and Analysis, we provide an overview of the operational and financial performance of the NCPB Staff House Mortgage Fund during the period, key projects, loan disbursements and repayments, compliance with statutory requirements, major risks, and other relevant information.

a. Operational and Financial Performance:

During FY 2024/25, the NCPB Staff House Mortgage Fund has transitioned from its inception stages into active operation. The Fund successfully processed its first batch of mortgage loans, with eleven employees now benefiting from the housing scheme. This marks a significant milestone in operational performance, reflecting growing member engagement and utilization of the Fund's resources.

From a financial perspective, the Fund continues to operate efficiently, adhering to its budgetary framework. Cash flow management remains robust, as we strive to maintain a balance between loan disbursements and prudent resource allocation.

b. Key Projects or Investment Decisions:

In FY 2024/25, the primary focus has been on enhancing the Fund's infrastructure for processing and managing loans. Key projects undertaken include:

- **Improving the loan disbursement process:** The Fund has streamlined its loan disbursement mechanisms by partnering with financial institutions, ensuring efficient loan approval and processing times.
- **Exploring investment opportunities:** The Fund has begun considering long-term investment options for surplus funds to ensure the sustainability and growth of its financial base. This will support future loans and benefit more NCPB employees.

c. Loans Issued, Outstanding, and Repaid:

For During the reporting period, the Fund successfully issued eleven (11) mortgage loans to eligible NCPB employees — marking a significant milestone since the Fund's inception. This achievement reflects the growing confidence, awareness, and participation of staff in the housing loan scheme.

As of the reporting date, all eleven loans remain active and in good standing, with repayments being made promptly in accordance with the agreed schedules. The Fund continues to closely monitor loan performance to ensure effective recovery, financial sustainability, and prudent management of its resources.

d. Fund's Compliance with Statutory Requirements:

The NCPB Staff House Mortgage Fund continues to prioritize compliance with all statutory requirements governing its operations. In FY 2024/25, the Fund underwent internal and external audits, ensuring transparency and adherence to relevant laws, regulations, and the Public Finance Management Act. Compliance reports have been filed on time, and there are no outstanding legal issues affecting the Fund.

e. Risk management activities:

The scheme has established a comprehensive risk management framework aimed at identifying and mitigating various risks. Furthermore, it has seamlessly integrated risk management into all aspects of its planning, execution, evaluation, and business continuity measures.

Some of the primary risks confronting the Scheme fund encompass:

- i) Strategic Risks: These are risks that could impede the realization of the fund's long-term goals and objectives due to insufficient funding.
- ii) Compliance Risks: These risks are linked to potential non-compliance with relevant laws and regulations, which could lead to legal disputes and conflicts of interest.
- iii) Financial Risks: This category pertains to the risk of financial loss, which may include internal control inefficiencies, inadequate funding, the inability to service loans, and delays in financial reporting attributable to reliance on third-party financial information.
- iv) Operational Risk: Operational risk refers to the potential for direct or indirect losses or the inability to deliver core services, particularly to stakeholders. Such losses may result from deficient or failed financial processes, resources, and systems.

f. Financial Integrity and Governance:

To ensure compliance and sound financial management of the fund, the scheme diligently compiles financial statements for the Mortgage fund, subjecting them to thorough internal and external audits. The findings and recommendations from these audits serve as valuable insights for enhancing the operational and financial systems of NCPB.

6. Environmental and Sustainability Reporting

The Fund, being relatively new, has not yet initiated any Corporate Social Responsibility (CSR) activities directly impacting society. However, it is worth noting that while the Fund has not undertaken independent CSR initiatives, it remains open to potential collaborations with its parent organization in this regard.

At this early stage, the Fund's primary focus has been on establishing a strong foundation and ensuring its financial stability. As we continue to grow and stabilize, we are actively considering the prospect of engaging in CSR activities that align with our values and objectives.

These potential CSR pursuits may encompass a wide range of areas, including environmental conservation, education, support for sports, healthcare initiatives, fostering positive labour relations, investing in staff training and development, and contributing to water and sanitation projects. While these plans are currently under consideration, we are committed to exploring opportunities to make a meaningful and positive impact on society as we move forward.

As we evolve and mature as an organization, we look forward to contributing to the betterment of our community and society as a whole through purposeful CSR initiatives.

7. Report of the Staff Loan Committee

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

Principal activities

The principal activity of the NCPB Staff House Mortgage Fund is to facilitate affordable housing for employees of the National Cereals and Produce Board (NCPB) by providing housing loan facilities.

Performance

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

Trustees

The members of the Staff Loan Committee who served during the year are shown on page v (refer to the page on key Fund Information and Management).

Auditors

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

By Order of the Board



.....

John Gichuru

Chairperson , Staff Loan Committee

8. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by Article 230 of the constitution and section 13 of the salaries and remuneration act, 2011 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- a. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- b. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund,
- c. 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,
- d. Safeguarding the assets of the fund;
- e. Selecting and applying appropriate accounting policies, and
- f. 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 NCPB Housing Scheme Fund Regulations, 2021. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date.

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

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.


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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 3/12/ 2025 and signed on its behalf by:



.....
John Gichuru
Chairperson, Staff Loan Committee



.....
James Theuri
Fund Administrator

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL CEREALS AND PRODUCE BOARD STAFF HOUSE MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Cereals and Produce Board Staff House Mortgage Fund set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial

Report of the Auditor-General on National Cereals and Produce Board Staff House Mortgage Fund for the year ended 30 June, 2025

performance, statements 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 National Cereals and Produce Board Staff House Mortgage Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012

Basis for Opinion

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

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 Audit Matters

In the audit report of the previous year, several issues were raised under Report on the Financial Statements and Report on Lawfulness and Effectiveness in the Use of Public Resources. However, Management has not resolved the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below;

- i. Variance in Interest on Individual Staff House Mortgage
- ii. Cash and Cash Equivalent
- iii. Non-Compliance with the Civil Servants (Housing Scheme Fund), Regulation 2015 on financing of the Loans
- iv. Inconsistency in the NCPB Staff House Mortgage Fund Regulations, 2021

Other Information

The Management is responsible for the Other Information set out on page iii to xxvii which comprise of Key Fund Information and Management, Management Team, Chairman's Report, Report of the NCPB Managing Director, Statement of Performance Against

Report of the Auditor-General on National Cereals and Produce Board Staff House Mortgage Fund for the year ended 30 June, 2025

Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Staff Loan Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unauthorized Opening of NCPB Staff Mortgage Scheme Bank Account

The statement of financial position and Note 10 to the financial statements reflects cash and cash equivalents balance of KShs.37,956,172. However, the National Treasury, vide letter Ref. No. AG.3/88/1 Vol. 50/(12) dated 29 July, 2021, authorized the opening with HFC Limited -Sameer Branch, which was subsequently cancelled by NCPB letter Ref. NCPB/3/41/1/VOL.I/52 dated 30 March, 2022 due to delays, leading to an award to Cooperative Bank of Kenya vide letter Ref. NCPB/3/41/1/VOL.II/3 dated 23 June, 2022 (accepted on 27 June, 2022), However, no board minutes authorizing the termination of HFC Limited, award to Cooperative Bank, or approved signatories were provided for audit, and no approval was obtained from the National Treasury to open the new account with Cooperative Bank.

In the circumstances, the Management was in breach of The National Treasury letter.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and Fund Committee

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

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

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

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

The Fund Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant

legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


11 December, 2025


10. Statement of Financial Performance for the year ended 30th June 2025.

	Note	30/06/2025 Kshs.	30/06/2024 Kshs.
Revenue from exchange transactions			
Interest income on Bank Balance	6	1,240,333	2,104,554
Interest on Individual Staff House Mortgage	7	1,829,262	410,638
		3,069,595	2,515,192
Total revenue		3,069,595	2,515,192
Expenses			
Commission paid to Service Provider	8	1,829,262	410,638
Total expenses		1,829,262	410,638
Surplus/(deficit) before tax		1,240,333	2,104,554
Taxation	9	-	-
Surplus/ (Deficit) after Tax		1,240,333	2,104,554

(The notes set out on pages 6 to 24 form an integral part of these Financial Statements).

The financial statements were approved on 3/12/2025 by:


.....
James Theuri
Fund Administrator


.....
CPA. Charles Onchangwa
Fund Accountant
ICPAK M/No 22195



.....
John M. Gichuru
Chairperson, Staff Loan
Committee


11. Statement of Financial Position as at 30th June 2025

	Note	30.06.2025 Kshs.	30.06.2024 Kshs.
Assets			
Current assets			
Cash and cash equivalents	10	37,956,172	62,805,774
Receivables from exchange transactions	11	5,016,578	2,868,532
Total Current Assets		42,972,751	65,674,307
Non-current assets			
Receivables from exchange transactions	11	61,161,589	37,219,700
Total Non-Current Assets		61,161,589	37,219,700
Total assets		104,134,339	102,894,006
Net assets			
Mortgage revolving fund		100,000,000	100,000,000
Accumulated surplus (<i>Reserves</i>)		4,134,339	2,894,006
Total net assets and liabilities		104,134,339	102,894,006

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

The financial statements were approved on 3/12/25 by:


.....
James Theuri
Fund Administrator


.....
CPA. Charles Onchangwa
Fund Accountant

ICPAK M/No 22195


.....
John M. Gichuru
Chairperson, Staff Loan
Committee

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

Description	Mortgage Fund Kshs.	Accumulated surplus Kshs.	Total Kshs.
As at 1 July 2023	100,000,000.00	789,452.06	100,789,452.06
Surplus for the period		2,104,554.28	2,104,554.28
Funds received during the year	-	-	-
Interest capitalized*	-	-	-
Transfers	-	-	-
As at 30 June 2024	100,000,000.00	2,894,006.34	102,894,006.34
Balance as at 1 July 2024	100,000,000.00	2,894,006.34	102,894,006.34
Surplus for the period		1,240,332.98	1,240,332.98
Funds received during the year	-	-	-
Interest capitalized*	-	-	-
Transfers	-	-	-
As at 30 June 2025	100,000,000.00	4,134,339.32	104,134,339.32

17. Statement of Cash Flows for the year ended 30th June 2025

Description	Note	30.06.2025 Kshs.	30.06.2024 Kshs.
Cash flows from operating activities			
Receipts			
Transfer from Parent Ministry/SC/SAGA			
Interest Received		1,829,262	2,104,554
Other Income		-	410,638
Total receipts		1,829,262	2,515,192
Payments			
Administrative fees(Bank)		(1,829,262)	(410,638)
Transfer to Parent Ministry/SC/SAGA		-	-
Employee Costs		-	-
Use of goods and services		-	-
Finance cost		-	-
Total payments		(1,829,262)	(410,638)
Net cash flow from operating activities	12	-	2,104,554
Cash flows from investing activities			
Proceeds from loan principal repayments		3,041,183	641,406
Loan disbursements paid out		(27,890,786)	(40,729,637)
Net cash flows used in investing activities		(24,849,603)	(40,088,231)
Cash flows from financing activities			
Receipts into the mortgage revolving fund		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(24,849,603)	(37,983,677)
Cash and cash equivalents at 1 July 2024	16	62,805,775	100,789,452
Cash and cash equivalents at 30 June 2025	16	37,956,172	62,805,775

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

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	% of utilization
	Kshs. A	Kshs. b	Kshs. C=(a+b)	Kshs. d	F=d/c
Revenue					
Interest income on Bank Balance	1,240,333	-	1,240,333	1,240,333	0%
Interest on Individual Staff House Mortgage	1,829,262	-	1,829,262	1,829,262	0%
Total Revenue	3,069,595	-	3,069,595	3,069,595	0%
Expenses					
Commission to Service Provider	1,829,262	-	1,829,262	1,829,262	0%
Expenditure	1,829,262	-	1,829,262	1,829,262	0%
Surplus for the period	1,240,333	-	1,240,333	1,240,333	
Capital Expenditure	-	-	-	-	0%

Budget notes

- No explanation for there are no difference between actual and budgeted amounts (10% over/under) IPSAS 24.14
- No explanation of changes between original and final budget since no difference is present. (IPSAS 24.29)

15. Notes to the Financial Statements

1. General Information

National Cereals and Produce Board Staff House Mortgage Scheme was established by and derives its authority and accountability from the provisions under Section 84(1), Section 24(4) (5) (6) (7) of the PFM Act, 2012. The NCPB Staff House Mortgage Scheme was set in the financial year 2016-2017 as a revolving fund pursuant to the salaries and Remuneration Commission (SRC) Circular Ref No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014 on Mortgage and Car Loan Schemes for State Officers and Other Public Officers of Government of Kenya, with the Objective of providing a loan scheme for the purpose of acquisition of residential property for staff. The Fund is wholly owned by the NATIONAL CEREALS AND PRODUCE BOARD and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption Of New and Revised Standards

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

There are no new standards effective in the FY.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i>
IPSAS 46:	<i>Applicable 1st January 2025</i>

Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

	<p>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.</p> <p>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.</p> <p><i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i></p>
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iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the year 2024/25.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b. Budget information

The original budget for FY 2022/23 represents a transfer from National Cereals and Produce Board which was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not recorded additional appropriations for the FY 2024/2025 budget.

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

c. Financial instruments

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

I. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

II. Financial liabilities

Classification

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

d. Contingent liabilities

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

e. Contingent assets

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are

appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f. Nature and purpose of reserves

The Fund intends to create and maintains reserves in terms of specific requirements. No reserves are currently maintained and no appropriate policies adopted since there was no cause for the same.

g. Changes in accounting policies and estimates

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

IPSAS-3: Accounting Policies, Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior periods errors.

The standard requires compliance with any specific international financial reporting standard applying to a transaction, event or condition, and provides guidance on developing accounting policies and correction of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. Prior period errors are omission from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements. Such errors result from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

h. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the

reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

i. Related parties

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

j. Cash and cash equivalents

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

k. Comparative figures

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

l. Events after the reporting period

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

m. Ultimate and Holding Fund

The NCBP Staff House Mortgage Fund is established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 and Section 24 (4)(5)(6)(7) of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the National Cereals and Produce Board.

n. 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.

a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. *(see IPSAS 1.140.)*

b) Useful lives and residual values

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

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

Notes to the Financial Statements

6. Interest income on Bank Balance

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Interest Income on Bank Deposits	1,240,333	2,104,554
Total Interest Income	1,240,333	2,104,554

7. Interest on Individual Staff House Mortgage and Car Loans

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Individual Staff Mortgage 3% Interest at Coop Bank	1,829,262	410,638
Total Other income	1,829,262	410,638

8. Commission paid to Service Providers

Description	2024-2025	2023-2024
	Kshs.	Kshs.
3% Commission to Service Provider Coop Bank	1,829,262	410,638
Total	1,829,262	410,638

9. Taxation

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Income tax charge	-	-
Tax Charged on Interest Income	-	-
Income Tax expense	-	-

Notes to the Financial Statements (continued)

10. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
NCPB Staff Mortgage Bank Account	37,956,172	62,805,774
Total Cash and Cash equivalents	37,956,172	62,805,774

10 a) Detailed analysis of the cash and cash equivalents

		2024-2025	2023-2024
Financial Institution	Account number	Kshs.	Kshs.
Mortgage Fund			
Co-operative Bank Account	1150007611601	37,956,172	54,349,628
Co-operative Bank Account	1243007611601	-	8,456,146
Fixed Deposit Accounts		-	-
On- Call Deposits		-	-
Current Account		-	-
Sub- Total		37,956,172	62,805,774
Others			
Cash On Hand		-	-
Mobile Money		-	-
Sub- Total		-	-
Grand Total		37,956,172	62,805,774

Notes to the Financial Statements (continued)

11. Receivables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Current Receivables				
Interest Receivable	-		-	
Current Loan Repayments Due	3,776,246.69		2,868,532.17	
Other Exchange Debtors	-		-	
Due from Related Party - NCPB	1,240,331.42		-	
Less: Impairment Allowance	-		-	
Total Current Receivables	5,016,578.11		2,868,532.17	
Non-Current Receivables				
Long Term Loan Repayments Due	61,161,588.81		37,219,699.84	
Total Non- Current Receivables	61,161,588.81		40,088,232.01	
Total Receivables	66,178,166.91		40,088,232.01	
Ageing analysis (receivable from exchange transactions)	Current FY	%of total	Comparative FY	%of total
Less than 1 year	5,016,578.11	7.58%	2,868,532.17	7.16%
Between 1-2 years	3,891,104.84	5.88%	2,955,781.32	7.37%
Between 2-3 years	4,009,456.52	6.06%	3,045,684.23	7.60%
Over 3 years	53,261,027.44	80.48%	31,218,234.29	77.87%
Total (tie to totals above)	66,178,166.91	100.00%	40,088,232.01	100.00%

Notes to the Financial Statements (continued)

12. Net cash flows from operating activities

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	1,240,333	2,104,554
Adjusted for:	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	1,829,262	410,638
Administrative fees	(1,829,262)	(410,638)
Finance cost	-	-
Working capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	(1,240,333)	-
Increase in payables	-	-
Net cash flow from operating activities	-	2,104,554

13. Financial risk management

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

The Fund's financial risk management objectives and policies are detailed below:

Notes to the Financial Statements (continued)

a) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the 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 Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2025	-	-	-	-
Receivables From Exchange Transactions- Mortgages	66,178,167	66,178,167	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	37,956,172	37,956,172	-	-
Total	104,134,339	104,134,339	-	-
At 30 June 2024				
Receivables From Exchange Transactions- Mortgages	40,088,232	40,088,232	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	62,805,774	62,805,774	-	-
Total	102,894,006	102,894,006	-	-

Notes to the Financial Statements (continued)

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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.

c) Market risk

The board 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 Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) 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 condition may be adversely affected as a result of changes in interest rate levels. The Fund's interest rate risk arises from bank deposits.

This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs. 379,561.72. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 1,897,808.62.

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:

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Revolving fund	100,000,000	100,000,000
Accumulated surplus (<i>Reserves</i>)	4,134,339	2,894,006
Total funds	104,134,339	102,894,006
Less: cash and bank balances	(37,956,172)	(53,750,164)
Net debt/(excess cash and cash equivalents)	66,178,167	49,143,843
Gearing	64%	48%

Notes to the Financial Statements (continued)

14. Related party balances

a) Nature of related party relationships

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

- a) National government Fund
- b) National Cereals and Produce Board
- c) Staff Mortgage Fund Advisory Committee;
- d) Key Management Personnel

b) Related party transactions

i. Transfers from related parties

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from NCPB	-	-

ii. Key management remuneration

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

15. Events after the Reporting Period

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

16. Ultimate And Holding Entity

The Entity is a Fund under the sponsorship of National Cereals and Produce Board which is an SC.

17. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

Annexes

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1	Variance in Interest on Individual Staff House Mortgage – Interest reported in financial statements was Kshs. 410,638 while the schedule provided indicated Kshs. 463,443, resulting in a variance of Kshs. 53,000 that was not reconciled.	Financial statements restated as per audit recommendation. Interest was overstated, hence revised to reflect accurate amount. A supporting schedule has been prepared and will be provided upon request.	Chief Accountant	Resolved	Jun-25
2	Cash and Cash Equivalents – Cash balance of Kshs. 62,805,774 included receipts of Kshs. 599,464 reflected in the cashbook but not yet credited in the bank statement, some dating back to September 2023.	Management acknowledges the delay. The receipts have since been reflected in the bank statement. Measures have been instituted, including regular follow-up with the bank and enhanced monthly reconciliations, to prevent recurrence.	Chief Accountant	Resolved	Jun-25
3	Non-Compliance with Civil Servants (Housing Scheme Fund) Regulations, 2015 – Loans financed at 100% instead of 90% of property value as required under Regulation 8(3)(b)(a).	Management acknowledges inconsistency. Consultative meeting held with Co-operative Bank on 22 May 2025, resolution reached to amend the agreement through an addendum to align with the Regulations. Adjustment to apply to future loans.	Head of Legal / Finance Manager	Not Resolved	Dec-25
4	Inconsistency in NCPB Staff House Mortgage Fund Regulations, 2021 – Paragraph 4(b) allows housing units for sale and rental, while Paragraph 8 prohibits loans for commercial purposes.	Management acknowledges inconsistency. Legal team will review and propose amendments to align regulations with Fund objectives.	Head of Legal	Not Resolved	Nov-25

Chairperson, Staff Loan Committee
Mr John Gichuru

Date... 03/12/2025

Annex II: Inter-Fund Confirmation Letter

Name of transferring entity...National Cereals and Produce Board (NCPB).....

Name of beneficiary entity...NCPB Staff House Mortgage Fund.....

The NCPB Staff House Mortgage Fund was initially capitalized through an inter-bank transfer from the NCPB's CO-OP Bank Account (No. 0113007611600) to the Revolving Mortgage Fund CO-OP Bank Account (No. 01150007611601) during the financial year 2022/2023. This transfer served as the primary funding source for the establishment of the Fund. As of the date of this report, no additional capital injections have been made.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
3186c6acc5	09-3-2023		100,000,000	100,000,000	FY 2022/2023
Total					

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

Head of Accountants department of beneficiary Fund:

Name: Charles Onchangwa Sign *Charles Onchangwa* Date: 3/2/2025

Annex III: Reporting of Climate Relevant Expenditures

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

Annex IV: Reporting on Disaster Management Expenditure

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