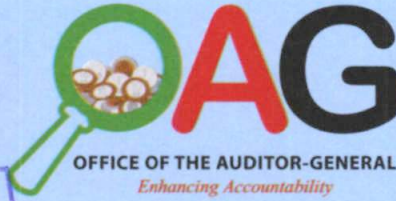


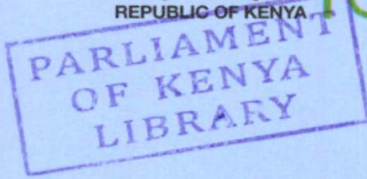
REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



6

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

PAPERS LAID	
DATE	17/2/25
TABLED BY	Secy (D. J. Kariuki)
COMMITTEE	
CLERK AT THE TABLE	T. J. Karari

**KAKAMEGA COUNTY ASSEMBLY  
LOANS AND MORTGAGES FUND**

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

6





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**KAKAMEGA COUNTY ASSEMBLY**

**LOANS AND MORTGAGES FUND**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED**

**JUNE 30, 2025.**

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

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
SRC	Salaries and Remuneration Commission
COB	Controller of Budget
MBA	Master of Business Administration
B Com	Bachelor of Commerce
CPA	Certified Public Accountant
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency
PFM	Public Finance Management
MCA	Member of County Assembly
OSHA	Occupational Safety and Health Act
FY	Financial Year
SC/SAGA	State Corporation / Semi-Autonomous Government Agency

b) Glossary of Terms

Fiduciary Management      The key management personnel who had financial responsibility

## **2. Key Entity Information and Management**

### **a) Background information**

Car Loan and Mortgage Fund is established by and derives its authority and accountability from Kakamega County Car Loan and Mortgage Fund Regulations, 2014 and SRC Circular No.023/12/2014. Act The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The fund's objective is to advance Members of County Assembly and staff of Kakamega County Assembly Car Loans and Mortgage as per SRC Circular No. 023/12/2014

### **b) Principal Activities**

The principal activity to advance Members of County Assembly and staff of Kakamega County Assembly Car Loans and Mortgage as per SRC Circular No. 023/12/2014

### **c) Loans and Mortgages Management Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Hon. Bernard Isindu Shitiabayi	chairperson
2	Dr. Donald Keya Manyala, Ph.D -Clerk	-Fund Administrator - Secretary
3	Hon.Karim Tingili	Member
4	Hon.Isabella Mungasia	Member
5	CPA Samson Otieno	Member

### **d) Key Management Steam**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Hon. Bernard Isindu Shitiabayi	chairperson
2	Dr. Donald Keya Manyala, Ph.D -Clerk	-Fund Administrator - Secretary
3	Hon.Karim Tingili	Member
4	Hon.Isabella Mungasia	Member
5	CPA Samson Otieno	Member

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	County Assembly	Assembly Committees
2	Auditor General	Office of Auditor general
3	National Treasury	Directorate of Accounting Services
4	Controller of budget	Office of COB

**f) Registered Offices**

P.O. Box 1470- 50100  
County Assembly chambers  
Fitina Road  
**KAKAMEGA, KENYA**

**g) Fund Contacts**

Telephone: (254) 715521221  
E-mail: [kakamegacountyassembly@gmail.com](mailto:kakamegacountyassembly@gmail.com)  
Website: [www.kakamega-assembly.go.ke](http://www.kakamega-assembly.go.ke)

**h) Fund Bankers**

Family Bank of Kenya  
Kakamega, Kenya

**i) Independent Auditors**

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

**j) Principal Legal Adviser**



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

**k) County Attorney**


County Government of Kakamega  
P.O Box 36-50100  
Kakamega, Kenya

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

**3. Fund Administration Committee**

Name	Details of qualifications and experience
 <p><b>Hon. Shitiabayi Bernard</b></p>	<ul style="list-style-type: none"> <li>● Chairperson of the Loans and Mortgage Fund</li> <li>● Hon. Shitiabayi is the Deputy Speaker in the Third County Assembly</li> <li>● He holds a BA in Security Studies and Criminology from Mount Kenya University, a Diploma in Criminology from University of Eldoret and a Certificate in Participatory Rural Appraisal from Egerton University. At the time of his election, Kakamega. He has also served as the chairman at the National Government Constituency Development Fund in Shinyalu (2017-2022) and as a community facilitator at Action Aid Kenya in West Pokot on HIV/AIDs program. He represents Isukha East</li> </ul>
 <p><b>Dr. Donald Keya Manyala, Ph.D-Clerk</b></p>	<p><b>Fund Administartor and Secretary</b></p> <p>Dr. Manyala, holds a Doctorate (PhD) degree in Governance and Leadership from the Jomo Kenyatta University of Agriculture &amp; Technology (JKUAT), 2021, a Master Degree of Business Administration in Strategic Management (2010) and a Bachelor of Science Degree in Tourism and Travel Management (2007) from United States International University (USIU). He sat for his Kenya Certificate of Secondary Education (KCSE) in 2003 at Musingu School and attended Mukumu Boys Primary School up to 1999. The Clerk is a member and subscribes to two Professional Bodies namely: African Association of Public Administration and Management (AAPAM) and Professional Trainers Association of Kenya (PTAK)</p>
 <p><b>Hon. Karim Tingili</b></p>	<p><b>Committee Member</b></p> <p>Born on 1<sup>st</sup> January 1977. He did his KCPE at Shibanze Primary School in 1994. He then did Certificate in Fishing at the Western Artificial Fishing Flies Dresser between 2004 and 2005. In 2008, he attained another Certificate in Training for Leaders of MSE Associations/Sacco from Kakamega Multipurpose Development Training Institute. In 2009, he successfully completed a Certificate course in Small Business Management at the Kenya Institute of Business Management. In 2012, he got a Certificate in International Trade Microfinance and Small Enterprises from the Kisumu</p>

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

	<p>Institute of Business Studies. In the same year, he did a Certificate in Leadership Governance Skills Development at Kenyatta University. In 2015, he sat for KCSE as a private student. In 2016, he attained a Craft Certificate in Human Resource Management at the St. Jude Technical College in Mumias.</p> <p>Professionally, he has served as a Salesman at Mumias Business Agency. Prior to that, he was elected to the National Youth Council. Before that, he worked with Matungu Youth Group as the Chairperson. Before then, he served as part of the Kholera Youth Group Association.</p> <p>In 2022, he was elected as the Member of County Assembly for Kholera Ward, which position he is currently serving.</p>
 <p>Hon. Isabella Mungasia</p>	<p><b>Committee Member</b></p> <p>She was born on 31<sup>st</sup> July 1961. She went to Busali Union Secondary School between 1976 and 1979, and attained EACE. She then joined Kamwenja Teachers Training College in 1981 and attained P1 Certificate in Teaching in 1983. Later between 2013 and 2015, she successfully pursued a degree in Theology and Community Development, majoring in Church Administration.</p> <p>Hon. Amaiza started as a Teacher, under the Teacher’s Service Commission, in 1981 and served until 1994, teaching various schools in Arid and Semi-Arid areas. From 1994 she served as the Chief Executive Officer of Mobraama Investments. She then joined politics, and was elected in 2013 as a Member of the County Assembly representing Idakho East Ward in Ikolomani Constituency. In 2022, she was nominated by the Orange Democratic Movement Party as a Member of the County Assembly under the Gender Top Up category.</p>

**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

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CPA Samson Otieno

**Committee Member**


MBA in strategic management

BCom (Finance and Accounting),CPAK,CS

**4. Management Team**


Name	Details of qualifications and experience
 <p><b>Hon. Shitiabayi Bernard</b></p>	<ul style="list-style-type: none"> <li>● Chairperson of the Loans and Mortgage Fund</li> <li>● Hon. Shitiabayi is the Deputy Speaker in the Third County Assembly</li> <li>● He holds a BA in Security Studies and Criminology from Mount Kenya University, a Diploma in Criminology from University of Eldoret and a Certificate in Participatory Rural Appraisal from Egerton University. At the time of his election, Kakamega. He has also served as the chairman at the National Government Constituency Development Fund in Shinyalu (2017-2022) and as a community facilitator at Action Aid Kenya in West Pokot on HIV/AIDs program. He represents Isukha East</li> </ul>
 <p><b>Dr. Donald Keya Manyala, Ph.D- Clerk</b></p>	<p><b>Fund Administrator and Secretary</b></p> <p>Dr. Manyala, holds a Doctorate (PhD) degree in Governance and Leadership from the Jomo Kenyatta University of Agriculture &amp; Technology (JKUAT), 2021, a Master Degree of Business Administration in Strategic Management (2010) and a Bachelor of Science Degree in Tourism and Travel Management (2007) from United States International University (USIU). He sat for his Kenya Certificate of Secondary Education (KCSE) in 2003 at Musingu School and attended Mukumu Boys Primary School up to 1999. The Clerk is a member and subscribes to two Professional Bodies namely: African Association of Public Administration and Management (AAPAM) and Professional Trainers Association of Kenya (PTAK)</p>
	<p><b>Committee Member</b></p> <p>Born on 1<sup>st</sup> January 1977. He did his KCPE at Shibanze Primary School in 1994. He then did Certificate in Fishing at the Western Artificial Fishing Flies Dresser between 2004 and 2005. In 2008, he attained another Certificate in Training for Leaders of MSE Associations/Sacco from Kakamega Multipurpose Development Training Institute. In</p>

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

<p>Hon.Karim Tingili</p>	<p>2009, he successfully completed a Certificate course in Small Business Management at the Kenya Institute of Business Management.</p> <p>In 2012, he got a Certificate in International Trade Microfinance and Small Enterprises from the Kisumu Institute of Business Studies. In the same year, he did a Certificate in Leadership Governance Skills Development at Kenyatta University. In 2015, he sat for KCSE as a private student. In 2016, he attained a Craft Certificate in Human Resource Management at the St. Jude Technical College in Mumias.</p> <p>Professionally, he has served as a Salesman at Mumias Business Agency. Prior to that, he was elected to the National Youth Council. Before that, he worked with Matungu Youth Group as the Chairperson. Before then, he served as part of the Kholera Youth Group Association.</p> <p>In 2022, he was elected as the Member of County Assembly for Kholera Ward, which position he is currently serving.</p>
 <p>Hon.Isabella Mungasia</p>	<p>She was born on 31<sup>st</sup> July 1961. She went to Busali Union Secondary School between 1976 and 1979, and attained EACE. She then joined Kamwenja Teachers Training College in 1981 and attained P1 Certificate in Teaching in 1983. Later between 2013 and 2015, she successfully pursued a degree in Theology and Community Development, majoring in Church Administration.</p> <p>Hon. Amaiza started as a Teacher, under the Teacher's Service Commission, in 1981 and served until 1994, teaching various schools in Arid and Semi-Arid areas.</p> <p>From 1994 she served as the Chief Executive Officer of Mobrama Investments. She then joined politics, and was elected in 2013 as a Member of the County Assembly representing Idakho East Ward in Ikolomani Constituency. In 2022, she was nominated by the Orange Democratic Movement Party as a Member of the County Assembly under the Gender Top Up category.</p>

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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	<p><b>Committee Member</b></p> <p>MBA in strategic management</p> <p>BCom (Finance and Accounting),CPAK,CS</p>
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CPA Samson Otieno

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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**5. Board Chairperson's Report**

It is my pleasure to present the County Assembly Loans and Mortgages Fund Financial Reports and Statements for the period ended 30 June, 2025. The statements present the financial performance of the County Assembly Fund for financial year 2024-2025.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act, 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board.

Kakamega County Assembly has 90 Members of County assembly, 60 are elected and 30 nominated. In the Financial period ended 30 June, 2025, the Assembly had a staff establishment of 92 members of staff.

The performance of the Fund in period ended 30 June 2025 had so many challenges like late funding and challenges related to the elections. The performance has been explained below:

**Budget performance**

The County assembly Loans and Mortgages Fund finances its operations from the revolving Fund. The County assembly Loans and Mortgages Fund also received a disbursement ksh.58,992,043 for the period under review. The actual expenditure for the period ended 30 June 2025 was Kshs 1,248,000 Leaving a deficit of Kshs (1,248,000)

Name Benard Intiabayi Signature  Date 28/08/2025

**Chairperson of the Board**

## **6. Report of The Fund Administrator**

It is my pleasure to present the County Assembly Loans and Mortgages Fund Financial Reports and Statements for the period ended 30 June 2025. The statements present the financial performance of the Fund for financial year 2024-2025.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act, 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board.

Kakamega County Assembly has 90 Members of County assembly, 60 are elected and 30 nominated. In the Financial period ended 30 June 2025, the Assembly had a staff establishment of 92 members of staff.

The performance of the Assembly in period ended 30 June 2025 had so many challenges like late funding and challenges related to the elections. The performance has been explained below:

### **Operational Performance**

The Period under review the County assembly Loans and Mortgages Fund advanced eligible members as shown in the statement of Financial performance.

#### **a) Performance of key development projects**

The Fund advances eligible Members with Car Loans and Mortgage Facility.

#### **d) Comment on value-for-money achievements**

The Fund in all its activities has achieved value for money.

#### **b) Challenges and Recommended Way Forward**

The major challenge the Fund faces is untimely disbursement of funds from the National Treasury. The Fund has no any other source of revenue to finance its budget and whenever funds are not received or disbursed late, this renders budget utilisation impossible.

**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

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The way forward on this challenge is enactment of Laws to allow the assembly receive its exchequer directly from the National treasury and not through the county executive.



.....  
**Name: Dr. Donald Keya Manyala, Ph.D**  
**CLERK OF THE COUNTY ASSEMBLY**

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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

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

The key development objectives of the Kakamega County Assembly loans and Mortgages is to provide motor vehicles and housing facility for the MCAs and members of staff.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Provision of Mortgage facilities to all members of staff</b>	To ensure all staff have access to Mortgage facilities	mortgages successfully applied	86% of staff taking Mortgage facilities	<b>During FY ,2025 Members of staff accessed the facility and were able build their own houses</b>

**8. Corporate Governance Statement**

**a. Number of Fund Administration Committee meetings held and the attendance to those meetings by members,**

The current Committee was competitively recruited and sworn in, in the Financial Year 2024/2025

**b. Succession plan,**

The Board of Committees are always competitively recruited and legally constituted after their term has ended.

**c. Existence of a service charter,**

Currently there is no service charter, the management is in the process of preparing one to be approved by the board.

**d. Process of appointment and removal of trustees/ Administration Committee members,**

Members are appointed and thereafter vetted by the Assembly service board. Member can be removed by the resolution of the full board and notification to the Appointing authority if he or she has not adhered to the regulations of the board.

**e. Roles and functions of the Administration Committee members,**

The following are the roles and functions of the administration committee members

- Delegate tasks to Sub Committees
- Seek external advice
- Deals with administration matters

**f. Induction and training, Administration Committee members and member's performance,**

Members are always inducted after engagement and are frequently trained on Annual basis

**g. Conflict of interest,**

At the beginning of every Board meeting members are requested to declare if they had any conflict of interest issues on the agenda at hand.

No conflict of interests were raised during board meetings.

**h. Board remuneration,**

The Chairperson is entitled to a monthly allowance while attending Board meetings. Independent Board members are also reimbursed travel allowances.

**i. Ethics and conduct as well as governance audit undertaken if any**

No ethics and conduct as well as governance audit conducted.

**9. Management Discussion and Analysis**

**a. On the operational and financial performance of the Fund/Board during the period,**

The Fund received a total of Ksh. 58,992,043 and 561,081,881 balance b/f from revolving fund.

**b. Entity's key projects or investments decision implemented or on going,**

The Fund looks forward to advance Loans and Mortgages as at the start of the Financial year 2024/2025. We however endeavour to take our services to every entitled Member.

**c. Fund's compliance with statutory requirements,**

The fund has complied with the required statutory requirements

**d. Major risks facing the Fund, material arrears in statutory and other financial obligations**

The delays in receiving of the funds slowed down loan disbursements. No enough capacity in enforcement of loan recoveries.

**e. Any other information considered relevant to the users of the financial statements.**

The fund is in operation and is still picking up gradually to reach its potential.

## **10. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile -**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **2. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### **3. Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

### **4. Market place practices-**

The organisation should outline its efforts to:

- a) Responsible competition practice.  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

### **5. Corporate Social Responsibility / Community Engagements**

The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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**11. Report of The Trustees**

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

**Principal activities**

The principal activity to advance Members of County Assembly Car Loans and Mortgage as per SRC Circular No. 023/12/2014

**Results**

The results of the Fund for the year ended June 30, 2025 are set out on page 1-5

**Trustees**

The members of the Board of Trustees who served during the year are shown on page iii

**Auditors**

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

By Order of the Board

  
.....

**Chair of the Board Administration Committee**

**Date:** 28/08/2025  
.....

**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kakamega County Car Loan and Mortgage Fund Regulations, 2014 and SRC Circular No.023/12/2014. shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

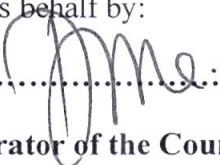
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kakamega County Car Loan and Mortgage Fund Regulations, 2014 and SRC Circular No.023/12/2014. . The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 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 County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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

**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 28/08/2 2025 and signed on its behalf by:

.....  


**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY ASSEMBLY LOANS AND MORTGAGES FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kakamega County Assembly Loans and Mortgages Fund set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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*Report of the Auditor-General on Kakamega County Assembly Loans and Mortgages Fund for the year ended 30 June, 2025*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kakamega County Assembly Loans and Mortgages 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 (Kakamega County Car Loans and Mortgage Fund) Regulations, 2022 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Loan Disbursements**

The statement of cash flows indicates that during the year under review, the Fund disbursed loans amounting to Kshs.32,690,000. However, the progress reports and evidence of construction of residential properties were not provided for audit review.

Further, the loan applications were not accompanied by copies of the designs of the proposed residential property duly approved by the local authority, bill of quantities in respect of the proposed development, renovation and repairs, and motor vehicle logbooks as required by regulations.

In the circumstances, the accuracy and completeness of loans disbursements amounting to Kshs.32,690,000 could not be confirmed.

#### **2. Unsupported Receivables from Exchange Transactions**

The statement of financial position and Note 5 and 6 to the financial statements reflect balances of Kshs.377,307,890 and Kshs.230,445,807 in respect of current and long-term receivables from exchange transactions, respectively. However, the Fund did not provide loan ledgers and schedules to support these balances.

In the circumstances, the accuracy and completeness of the current portion of receivables from exchange transaction balance of Kshs.377,307,890, and long-term receivables from exchange transactions balance Kshs.230,445,807 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kakamega County Assembly Loans and Mortgages 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

*Report of the Auditor-General on Kakamega County Assembly Loans and Mortgages Fund for the year ended 30 June, 2025*

Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects a Nil expenditure budget and actual on comparable basis amount of Kshs.1,248,000, resulting to under-expenditure of Kshs.1,248,000 or 100% of the budget.

In the circumstances, the under-expenditure affected the planned activities and may have impacted negatively on service delivery to the members of the Fund.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

#### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit of the previous year, several issues were reported under Report on the Financial Statements, Emphasis of Matter and Report on Lawfulness and Effectiveness in the Use of Public Resources, as detailed in **Appendix I**. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

#### **Other Information**

Management is responsible for the Other Information set out on page iii to xxi which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees 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

#### 1. Failure to Register a Charge on Property

The statement of financial position and Note 5 and 6 to the financial statements reflect balances of Kshs.377,307,890 and Kshs.230,445,807 in respect of current and long-term receivables from exchange transactions, respectively. The balance relates to the outstanding car loans and mortgage loans. However, review of the title deeds and logbooks of the funded assets revealed that the Fund had not registered a charge on the ownership documents to reflect its interest in the properties. The charge was intended to act as security where funded assets are co-owned by the Fund until the funded loans have been fully repaid.

Further, the outstanding loans were not supported by amortization schedule. This is contrary to Regulation 9 of the Public Finance Management (Kakamega County Assembly Car Loans and Mortgage Fund) Regulations, 2022 which requires that the loans and mortgages applied and disbursed shall be secured in accordance with the applicable laws and regulations.

In the circumstances, Management was in breach of law.

#### 2. Failure to Value Securities

During the year under review, the Fund disbursed loans amounting to Kshs.32,690,000. However, the valuation reports for the funded cars, land and buildings were not provided for audit review. This was contrary to Regulation 8 (1) of the Public Finance Management (Kakamega County Assembly Car Loans and Mortgage Fund) Regulations, 2022 which requires that a member of the county assembly wishing to be considered for grant of loan or mortgage facility shall make an application to the committee in the prescribed format.

In the circumstances, Management was in breach of law.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

### **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**

**03 December, 2025**

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*Report of the Auditor-General on Kakamega County Assembly Loans and Mortgages Fund for the year ended 30 June, 2025*

## Appendix I

### Unresolved Prior Year Matters

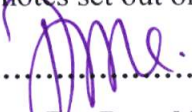
Reference No. of the Auditor-General's Audit Report	Title of Audit Issue
	<b>Report on the Financial Statements</b>
1	Unsupported Receivables from Exchange Transactions
2	Misstatement of current portion of Long-Term Receivables from Exchange Transactions
3	Misstatement of Long-Term Receivables from Exchange Transactions
4	Inaccuracy of Net Assets of the Fund
5	Unsupported Committee Allowances
	<b>Emphasis of Matter</b>
1	Budgetary Control and Performance
	<b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>
1	Unsecured Loans

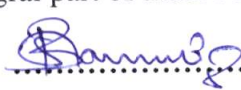
**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies		-	-
		-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income		-	-
Other Income		-	-
		-	-
<b>Total Revenue</b>		-	-
<b>Expenses</b>			
Employee Costs		-	-
Use of goods and services	3	1,248,000	883,255
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
<b>Total Expenses</b>		<b>1,248,000</b>	<b>883,255</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
<b>Surplus/(Deficit) for the Period</b>		<b>(1,248,000)</b>	<b>(883,255)</b>

(The notes set out on pages 17 to 25 form an integral part of these Financial Statements)

  
 .....  
**Name: Dr. Donald Keya Manyala, Ph.D**  
**Clerk of the Assembly**

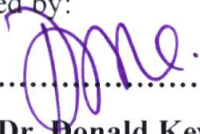
  
 .....  
**Name: CPA Beatrice Ilavonga**  
**Director of Finance and Accounting –**  
**County Assembly**  
**ICPAK Member Number:12121**


**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

**15. Statement of Financial Position As at 30 June 2025.**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	15,016,328	256,183
Current Portion of Long- Term Receivables From	5	377,307,890	344,617,890
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	6	230,445,807	231,061,275
		<b>230,445,807</b>	<b>231,061,275</b>
<b>Total Assets</b>		<b>622,770,025</b>	<b>575,935,348</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	7	-	-
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	8	-	-
<b>Total Liabilities</b>		-	-
<b>Net Assets</b>		<b>622,770,025</b>	<b>575,935,348</b>
Revolving Fund		609,164,559	561,081,881
Reserves			
Accumulated Surplus		13,605,467	<b>14,853,467</b>
<b>Total Net Assets and Liabilities</b>		<b>622,770,025</b>	<b>575,935,348</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/06/2025 and signed by:

  
 .....  
**Name: Dr. Donald Keya Manyala, Ph.D**  
**Clerk of the Assembly**

  
 .....  
**Name: CPA Beatrice Ilavonga**  
**Director of Finance and Accounting –**  
**County Assembly**  
**ICPAK Member Number:12121**

**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

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

Description	Capital/	Revaluation	Accumulated	Total
	Development Grants/Fund	Reserve	surplus	
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2023</b>	<b>515,892,626</b>	-	15,736,722	<b>531,629,348</b>
Surplus/(deficit) for the year			(883,255)	<b>(883,255)</b>
Funds received during the year	45,189,255			<b>45,189,255</b>
Revaluation gain				-
<b>Balance as at 30 June 2024</b>	<b>561,081,881</b>	-	<b>14,853,467</b>	<b>575,935,348</b>
<b>Bal as at 1 July 2024</b>	<b>561,081,881</b>	-	<b>14,853,467</b>	<b>575,935,348</b>
Surplus/(deficit) for the year			(1,248,000)	<b>(1,248,000)</b>
Funds received during the year	48,082,678			<b>48,082,678</b>
Revaluation gain				-
<b>Balance as at 30 June 2025</b>	<b>609,164,559</b>	-	<b>13,605,467</b>	<b>622,770,025</b>

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

**17. Statement of Cash Flows for The Year Ended 30 June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers From the County Assembly	1	0	0
Interest received	2	0	0
<b>Total receipts</b>		<b>0</b>	<b>0</b>
<b>Payments</b>			
General expenses	3	(1,248,000)	(883,255)
<b>Net cash flows from operating activities</b>		<b>(1,248,000)</b>	<b>(883,255)</b>
Cash flows from investing activities			
Purchase of property, plant, equipment and		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		615,468	830,655
Loan disbursements paid out		(32,690,000)	(45,600,000)
<b>Net cash flows used in investing activities</b>		<b>(32,074,532)</b>	<b>(44,769,345)</b>
Cash flows from financing activities			
Proceeds from revolving fund receipts		48,082,678	45,189,255
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>14,760,146</b>	<b>(463,345)</b>
Cash and cash equivalents at 1 July 2025		256,183	719,528
<b>Cash and cash equivalents at 30 June 2025</b>		<b>15,016,329</b>	<b>256,183</b>

*(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)*

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	
<b>Total Income</b>	-	-	-	-	-	-
<b>Expenses</b>						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	-	-	-	-	-	-
<b>Surplus For the Period</b>	-	-	-	-	-	-
<b>Capital expenditure</b>	-	-	-	-	-	

Budget notes.

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Car Loan and Mortgage Fund is established by and derives its authority and accountability from Kakamega County Car Loan and Mortgage Fund Regulations, 2014 and SRC Circular No.023/12/2014. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The fund's objective is to advance Members of County Assembly and staff of Kakamega County Assembly Car Loans and Mortgage as per SRC Circular No.023/12/2014

**2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

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

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

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

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

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

Assets Held for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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.
IPSAS 46 Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 48- Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
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**(i) Early adoption of standards**

The Kakamega County Assembly Loans and Mortgages Fund did not early – adopt any new or amended standards in Financial year 2024/2025.

**1. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2025 was approved by the County 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on the FY 2025 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

**Summary of Significant Accounting Policies (Continued)**

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**c) Property, plant and equipment**

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

**a) Intangible Assets**

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

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

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**Summary of Significant Accounting Policies (Continued)**

**c) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Summary of Significant Accounting Policies (Continued)**

### **Financial liabilities**

#### **Classification**

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

#### **d) Inventories**

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

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

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

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

#### **e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**Summary of Significant Accounting Policies (Continued)**

**g) Contingent liabilities**

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

**Contingent assets**

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

**h) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**i) Changes in accounting policies and estimates**

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

**j) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Summary of Significant Accounting Policies (Continued)**

**k) Foreign currency transactions**

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

**l) Borrowing costs**

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

**m) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

State all judgements, estimates and assumptions made e.g.

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in .

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

**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

**6. Notes To The Financial Statements Continued**

**1. Public contributions and donations**

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	-	-

**2. Transfers from County Government**

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Unconditional Development grants	-	-
<b>Total</b>	-	-

**3. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Bank Charges	-	19,255
Electricity And Water Expenses	-	-
Committee Allowances	1,248,000	864,000
Fuel And Oil Costs	-	-
Insurance Costs	-	-
<b>Total</b>	<b>1,248,000</b>	<b>883,255</b>

**4. Cash and cash equivalents**

Description	2024-2025	2023-2024
	Kshs	Kshs
Car Loan Account	15,016,328	256,183
<b>Total Cash And Cash Equivalents</b>	<b>15,016,328</b>	<b>256,183</b>

**Kakamega County Assembly Loans and Mortgage Fund**  
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**Notes to the Financial Statements Continued**

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

		2024-2025	2023-2024
<b>Financial Institution</b>	<b>Account number</b>	<b>Kshs</b>	<b>Kshs</b>
<b>a) Fixed Deposits Account</b>			
Family Bank (Ksh)	078000032659	15,016,328	256,183
<b>Sub- Total</b>		15,016,328	256,183
<b>Grand Total</b>		<b>15,016,328</b>	256,183

**5. Receivables from exchange transactions**

<b>Description</b>	2024-2025	2023-2024
	<b>Kshs</b>	<b>Kshs</b>
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	377,307,890	344,617,890
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>377,307,890</b>	<b>344,617,890</b>
<b>Non Current Receivables</b>		
Long term Loan Repayments due	230,445,807	231,061,275
<b>Total Non Current Receivables</b>	<b>230,445,807</b>	<b>231,061,275</b>
<b>Total Receivables from Exchange Transactions</b>	<b>607,753,697</b>	<b>575,679,165</b>

**6. Receivables from exchange transactions**

<b>Description</b>	2024-2025	2023-2024
	<b>Kshs</b>	<b>Kshs</b>
<b>Current Receivables</b>		
Long Term Receivables from Exchange Transactions	205,486,146	0
Long Term Receivables from Exchange Transactions	25,575,129	0
<b>Total Non- Current Receivables</b>	230,445,807	231,061,275
<b>Total Receivables From Exchange Transactions</b>	<b>230,445,807</b>	<b>231,061,275</b>

**Kakamega County Assembly Loans and Mortgage Fund**  
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**Notes To The Financial Statements (Continued)**

**7. Property, plant and equipment**

	Land and Buildings	Road Construction	Plant and Machinery	WIP	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July (Previous FY)2022</b>	-	-	-	-	-
Additions	-	-	-	-	-
<b>At 30<sup>th</sup> March (Previous FY)2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July (Current FY)2023</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> March (Current FY)2025</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-
At 1st July (Previous FY)2022	-	-	-	-	-
<b>At 30<sup>th</sup> March (Previous FY)2023</b>	-	-	-	-	-
<b>At 1st July (Current FY)2023</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> March (Current FY)2023</b>	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30<sup>th</sup> March (Previous FY)2023</b>	-	-	-	-	-
<b>At 30<sup>th</sup> March (Current FY)2025</b>	-	-	-	-	-

**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

**Notes To The Financial Statements (Continued)**

**8. Intangible assets**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

**9. Investment Property**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

**Notes To The Financial Statements (Continued)**

**10. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 March 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 March 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

**Notes To The Financial Statements (Continued)**

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

**b) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 March (Current FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 March (Comparative FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Notes To The Financial Statements (Continued)**

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 March (Current FY)</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**Notes To The Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. 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 (2022: Kshs ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2021 – Kshs ).

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

**Notes To The Financial Statements (Continued)**

**d) Capital risk management.**

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	609,164,559	-
Accumulated surplus	13,605,467	-
<b>Total funds</b>	<b>622,770,025</b>	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>622,770,025</b>	-

**11. Events after the reporting period**

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

**12. Ultimate and Holding Entity**

Car Loan and Mortgage Fund is established by and derives its authority and accountability from Kakamega County Car Loan and Mortgage Fund Regulations, 2014 and SRC Circular No.023/12/2014. Act The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

**13. Currency**

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

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

**20. Annexes**

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

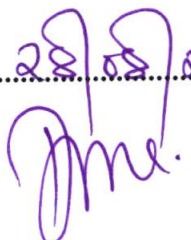
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p><b>Basis for Qualified Opinion</b>                      Unsupported Long-term Receivables from Exchange Transactions                      The statement of financial position reflects a balance of Kshs.231,891,930 in respect of long-term receivables from exchange transactions as disclosed in Note 6 to the financial statements. However, the Fund Management did not provide loan ledgers and schedules to support the balance.                      In the circumstances, the accuracy and completeness of the long-term receivables from exchange transactions balance of Kshs.231,891,930 could not be confirmed.</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>		<p>By March 2025</p>
	<p>2. Unsupported Current Portion Transactions of Long-term Receivables from Exchange The statement of financial position reflects a balance of Kshs.299,017,890 in respect of current portion of long-term receivables from exchange transactions which, as disclosed</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>		<p>By March 2025</p>

**Kakamega County Assembly Loans and Mortgage Fund  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>in Note 6 to the financial statements, relates to current loan repayments due. However, , out of the total balance, only Kshs.213,419,502 was supported by loan ledgers and schedules leaving an unsupported amount of Kshs.85,598,388.</p> <p>In the circumstances, the accuracy and completeness of the current portion of long-term receivables from exchange transactions balance of Kshs.85,598,388 could not be confirmed.</p>			
	<p><b>Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis of Kshs.182,000,000 and nil amounts respectively resulting to under-funding of Kshs.182,000,000 or 100% of the budget. Similarly, the statement reflects actual expenditure , of Kshs.2,140,040 against approved budget of Kshs.182,000,000 resulting to under-performance of Kshs.179,859,960 or 99% of the budget. The under-funding and under-performance affected the planned activities and may have negatively impacted on service delivery to the members of the Fund</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>		<p>By March 2025</p>

Fund Manager/Accounting Officer (enter title of head of Fund)

Date...*28/08/2025*.....  


**Kakamega County Assembly Loans and Mortgage Fund**  
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**Annex II: Inter-Fund Confirmation Letter**

The Kakamega County Assembly Car Loan and Mortgage Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> March 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kakamega County Assembly Car Loan and Mortgage Fund							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	1/7/2024		463,897		463,897	463,897	
	1/7/2024		710,960		710,960	710,960	
	1/7/2024		4,075,982		4,075,982	4,075,982	
	1/7/2024		4,075,982		4,075,982	4,075,982	
	11-Oct-24		442,681		442,681	442,681	
	11-Oct-24		884,238		884,238	884,238	
	11-Nov-24		4,026,286		4,026,286	4,026,286	
	19-Nov-24		3,797,665		3,797,665	3,797,665	
	21-Nov-24		884,234		884,234	884,234	
	21-Nov-24		442,681		442,681	442,681	
	6-Dec-24		4,025,982		4,025,982	4,025,982	
	14-Feb-25		1,320,497		1,320,497	1,320,497	
	10-Mar-25		4,025,982		4,025,982	4,025,982	
	10-Mar-25		442,681		442,681	442,681	
	24-Apr-25		4,126,642		4,126,642	4,126,642	
	24-Apr-25		1,500,636		1,500,636	1,500,636	
	21-May-25		4,126,642		4,126,642	4,126,642	

**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

	24-Jun-25		3,797,665		3,797,665	3,797,665
	24-Jun-25		4,025,982		4,025,982	4,025,982
	25-Jun-25		442,681		442,681	442,681
	25-Jun-25		442,681		442,681	442,681
			<b>48,082,678</b>		<b>48,082,678</b>	<b>48,082,678</b>

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

**Head of Accountants department of beneficiary Fund:**

Name Beatrice Nanyang Sign [Signature] Date 28/8/2025

**Kakamega County Assembly Loans and Mortgage Fund  
Annual Reports and Financial Statements for the period ended June 30, 2025.**

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**Annex III: Reporting of Climate Relevant Expenditures**

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

**Kakamega County Assembly Loans and Mortgage Fund**  
**Annual Reports and Financial Statements for the period ended June 30, 2025.**

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**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