

REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2026	DAY: WEDNESDAY
TABLED BY: HON. DAD RAO, MP	ON BEHALF OF LOM
CLERK-AT-THE-TABLE: J. LEMERELLE	

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

LAND SETTLEMENT FUND

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

**STATE DEPARTMENT FOR LANDS AND
PHYSICAL PLANNING**



LAND SETTLEMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE, 2025

*Prepared in accordance with accrual basis of accounting method under the International
Public Sector Accounting Standards (IPSAS)*

Contents

1. Acronyms and Glossary of Terms	ii
2. Key Fund information and management	iii
3. The Board of Trustees/ Fund Administration Committee	viii
4. Key Management Team.....	xiii
5. Report of the Fund Administrator	xv
6. Report of the Director of Land Adjudication and Settlement's	xvi
7. Statement of the Administrator of the Fund	xvii
8. Statement of Performance Against Predetermined Objectives	xviii
9. Corporate Governance Statement	xxi
10. Management Discussion and Analysis	xxii
11. Environmental and Sustainability reporting	xxiii
12. Report of the Trustees/ Fund Administration Committee	xxv
13. Statement of Management's Responsibilities	xxvi
14. Report of The Independent Auditor	xxviii
15. Statement of Financial Performance for the year ended 30 June 2025.....	1
16. Statement of Financial Position as at 30 June 2025	2
17. Statement of Changes in Net Assets for the year ended 30 June 2025	3
18. Statement of Cash Flows for the year ended 30 June 2025	4
19. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025.....	5
20. Notes to the Financial Statements	6
21. Annexes.....	25



1. Acronyms and Glossary of Terms

AIE	Authority to Incur Expenditure
SFT	Settlement Fund Trustees
MDAs	Ministries Departments and Agencies
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
LSF	Lands Settlement Fund
DLAS	Director of Land Adjudication and Settlement
PS	Principal Secretary

2. Key Fund information and management

a) Background information

Lands Settlement Fund was established by and derives its authority and accountability under section 135 of the land Act 2012 as amended by Section 90 of the land laws. The Fund is wholly owned by Government of Kenya and is domiciled in Kenya.

b) Principal Activities

The Fund is charged with the responsibility of:

- Ascertaining land rights and interests through land Consolidation and Adjudication,
- Settlement of poor landless Kenyans under Land Settlement Fund,
- Management of the Land Settlement Fund,
- Administration of Group Ranches
- Arbitration of Land disputes.

Land Settlement Fund (LSF) operations were undertaken by the Director of Land Adjudication and Settlement and administered by “the Fund Administrator’ – the Principal Secretary, State Department for Lands and Physical Planning. The officer administering the Fund therefore hereby submits the report of the Fund and the financial statements for the year ended 30th June 2025 which show the state of the Fund affairs.

There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

Vision

To have all trust/community land registered and landless Kenyans settled on agricultural viable units of land.

Mission



To encourage socio-economic development, through transformation of customary land tenure to statutory freehold and provision of sustainable settlement.

Values

The fund maintains the following values:

1. Customer responsiveness
2. Efficiency and Effectiveness in service delivery
3. Transparency and Accountability
4. Innovativeness and adoption of new modern technology
5. Zero tolerance to corruption
6. Professionalism
7. Inclusiveness

Strategic Objectives

The broad objectives of the Fund are:

- i. Settle landless poor on viable agricultural land
- ii. Facilitate registration of land and
- iii. To provide security of land tenure,

Strategic Programmes

- Land Adjudication programmes
- Acquisition of viable agricultural land for Settlement Schemes.
- Finalization of on - going Settlement Schemes.
- Computerization of SFT billing and Accounting System
- Computerize settler Loan Repayments
- Training of Group Ranch Representatives and members

Key strategic priorities

- Facilitation of discharges for issuance of Title deeds.
- Finalize on-going land adjudication sections and settlement schemes.
- Computerization of SFT Billing and Accounting Systems.

c) Scheme/Fund Management Committee

The Fund is administered by the Accounting Officer /Principal Secretary of the State Department for the time being responsible for matters related to LSF.

Management of the Fund is overseen by the Settlement Fund Board Trustees for the reporting period comprising:

- (a) the Cabinet Secretary responsible for land matters who shall be the chairperson;
- (b) the Cabinet Secretary responsible for National Treasury;
- (c) the Cabinet Secretary responsible for Agriculture;
- (d) the Cabinet Secretary responsible for the environment and natural resources;
- (e) the Cabinet Secretary responsible for Internal Security; and
- (f) a representative of the National Land Commission.

The scheme is administered by the administrator through the Director of Land Adjudication and Settlement (DLAS) who carries out the day-to-day activities of fund. These daily activities of the fund are executed through the DLAS assisted by staff and accountant teams.

d) Board of Trustees/Fund Administration Committee

Ref	Position	Name
1	Chairperson	Hon Alice Muthoni Wahome
2	Other trustees	Hon John Mbadi Ng'ong'o
3	Other trustees	Hon Onesimus Kipchumba Murkomen
4	Other trustees	Hon Mutahi Kagwe
5	Other trustees	Dr Deborah Mlongo Barasa
6	Fund Administrator	Hon Generali Nixon Korir

e) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Hon Generali Nixon Korir
2	Fund Accountant	CPA David Kimotho
3.	Director of LAS	Kennedy N.G Njenga

f) Fiduciary Oversight Arrangements

Officers who held office during the period under review having fiduciary responsibility are as below:

Ref	Position	Name
1	Fund Manager/ Administrator	Hon Generali Nixon Korir
2	Fund Accountant	CPA David Kimotho
3	Director of LAS	Kennedy N.G Njenga
4	Directorate Internal Audit	James N Njenga

g) Registered Offices

ARDHI HOUSE, 8TH Floor, Ngong Road

P.O. Box 30297-00100

NAIROBI

Phone: 0204803000/4000 | 0202718050

Email : info@ardhi.go.ke

Website: ardhi.go.ke

h) Fund Bankers

Kenya Commercial Bank Ltd,

Moi Avenue

P O Box 30081- 00100

NAIROBI

i) AUDITORS

Auditor -General,

P O Box 30084 - 00100

NAIROBI

j) PRINCIPAL LEGAL ADVISER

The Attorney General


State Law Office

Harambee Avenue

P.O Box 40112- 00200

Nairobi, Kenya

3. The Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Hon Alice Muthoni Wahome EGH</p> 	<p>Hon Alice Muthoni Wahome is the Cabinet Secretary for The Ministry of Lands, Public Works, Housing and Urban Development. She holds a Bachelor of laws (LL.B) degree from the University of Nairobi as well as a post graduate Diploma in law from the Kenya School of law. She has a wide experience in the field of law spanning over thirty years in which she has diligently served the Nation both in private and public service capacity, she has also served as a member of parliament for 10 years as MP Kandara constituency until her appointment as CS Lands.</p>

2. FCPA Hon Jon Mbadi



Hon. John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment,

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassu Constituency

Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.



His areas of interest include politics, reading, and soccer


3. Hon. Onesimus Kipchumba Murkomen





Hon. Onesimus Kipchumba Murkomen was appointed Cabinet Secretary for Internal Security and Administration 20 December by H.E. President William Samoei Ruto, An Advocate of the High Court of Kenya, Hon. Murkomen holds a Law degree from the University of Nairobi, a Postgraduate Diploma from the Kenya School of Law, and two Master of Laws degrees from American University and the University of Pretoria.

He has lectured at the University of Nairobi, Moi University, and Catholic University, and has participated in leadership programs at institutions like the University of Dar es Salaam and the University of California, Los Angeles (UCLA)

<p>4. Dr Deborah Mlongo Barasa</p> 	<p>Cabinet Secretary for the Ministry of Environment and Forestry is a medical doctor Dr. Baraza holds a Master of Medicine Internal Medicine, University of Nairobi she was appointed Cs Environment on 8 August 2024</p>
<p>5. Hon Mutahi Kagwe</p> 	<p>Cabinet Secretary, Ministry of Agriculture, His academic experience stretches from University of Nairobi from 1978 - 1981 where he graduated with a Bachelor of Commerce (Insurance) degree. He took further studies at the United States International University from 1988 - 1992 and graduated with an MBA. His work experience includes a serving as Cs Health and also Standard Media Group's advertising division</p>

<p>6. Fund administrator Hon Generali Nixon Korir</p> 	<p>Holds a law degree from university of Nairobi, has experience working in various government organizations including secretary youth affairs in the executive office of the Deputy President, he was in charge of policy formulation and coordination of youth matters and was working closely with Uwezo fund, youth fund, National youth Service and Kenya National Volunteers programme has served as the immediate former member of parliament for Lang'ata constituency</p>
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4. Key Management Team

Name	Details of qualifications and experience
<p>1. Fund administrator Principal Secretary- Hon Generali Nixon Korir</p> 	<p>Holds a law degree from university of Nairobi, has experience working in various government organizations including secretary youth affairs in the executive office of the Deputy President, he was in charge of policy formulation and coordination of youth matters and was working closely with Uwezo fund, youth fund, National youth Service and Kenya National Volunteers programme has served as the immediate former member of parliament for Lang'ata constituency</p>
<p>2. Director LAS Kennedy N G Njenga</p> 	<p>Holds a BA Government and vast experience in management in public sector</p>

<p>3. Principal Accountant –CPA David Kimotho</p>	<p>MBA-Finance from JKUAT University as well as Bcom – Finance CPA(K) qualification and a registered member of ICPAK membership No.9180</p>
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5. Report of the Fund Administrator

The management of the Fund is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its operating results. The management of the Fund further accepts the responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

The performance of the Fund in the year 2024 – 2025 wasn't as envisaged. However, there is room for improvement. There is need to implement land adjudication sections and settlement schemes as projects so as to fast track issuance of title deeds

Challenges

Implementation of Land Adjudication and Settlement programmes was affected by the following:

- Lack of basic physical infrastructure in Settlement Schemes.
- High cost of settlement land in high agricultural potential areas leading to purchasing land in marginal areas;
- Pending disputes especially objections to the Adjudication registers which hampered finalization of many Adjudication sections;
- Shortage of personnel to carry out core activities;
- Inadequate transport;
- Low collection of LSF land loan due to a depressed economic environment;
- Professional squatting and speculative acquisition of land;
- Increased landlessness and competition for limited available land; and
- Unresolved court cases.

Conclusion

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

6. Report of the Director of Land Adjudication and Settlement's

Statement of the Director of Land Adjudication and Settlement's Responsibilities on the Financial Statements for the Year Ended 30th June 2025

Section 168 of the Agriculture Act, Cap 318 and the legal notice No. 352/1963 which established the Fund requires the management of the Fund to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of its operating results for that year. It also requires the management to ensure proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund.

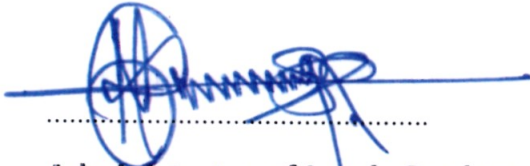
The management of the Fund accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the Fund's financial regulations and generally accepted accounting principles.

7. Statement of the Administrator of the Fund

I accept responsibility for the maintenance of accounting records, which may be relied upon in preparation of the financial statements, as well as adequate systems of internal control.

I further accept responsibility for the attached annual accounts, which have been prepared in conformity with internationally accepted accounting standards and appropriate government financial regulations and procedure.

I am of the opinion that the attached appropriations and other financial statements present financial state of affairs of the Agricultural Settlement Fund as at 30th June 2025.



Administrator of Lands Settlement Fund

The Principal Secretary,

Ministry of Lands, Public Works, Housing and Urban Development

State department of Lands & Physical Planning

8. Statement of Performance Against Predetermined Objectives

Introduction

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Fund's performance against predetermined objectives.

Lands Settlement Fund/Trust has 5 strategic pillars and objectives within the current Strategic Plan. These strategic pillars are as follows:

- Ascertaining land rights and interests through land Consolidation and Adjudication,
- Settlement of poor landless Kenyans under Land Settlement Fund,
- Management of the Land Settlement Fund,
- Administration of Group Ranches
- Arbitration of Land disputes.

Lands Settlement Fund/Trust develops its work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Ascertaining land rights and interests through land Consolidation and Adjudication	To determine and adjudicate over lands rights and facilitate the consolidation of rights and interests	Number of rights ascertained and adjudicated	Land adjudication and resolutions	60,605 parcels
Settlement of poor landless Kenyans under Land Settlement Fund,	To identify and facilitate the settlement needs and requirements for settling of the landless in the country	number of settled landless citizens	Identification and settlement of the landless	<ul style="list-style-type: none"> • 13,270 landless Kenyans settled • Purchase of Kedong ranch • Cleared Mazrui land balance
Management of the Land Settlement Fund,	Providing oversight and fiduciary	Preparation of annual financial	Presentation of management	Fund audit opinion transitioned from

	arrangements on the running of the fund	statements and budget utilization reports	and financial statements	disclaimer to qualified opinion FY 23/24
Administration of Group Ranches	Identification of group ranches and generating a register of group ranches for ease of administration	Number of verified group ranches	Allocation to group beneficiaries	371 titles issued in three community land registration sections
Arbitration of Land disputes.	Hearings and determination of disputes	Number of disputes raised	Number of rulings and resolutions	10,604 disputes handled

9. Corporate Governance Statement

Composition of the Fund committee consists of representatives from several institutions who serve on a part time basis. These institutions are: The Ministry of Interior and Coordination of National Government, The National Treasury, Ministry of lands, Ministry of Environment and Forestry, Ministry of Agriculture Livestock and fisheries. The chairman of the Fund is appointed by the President. A summary of the members and their nominating institutions is as follows:

No.	Member	Nominating institution
1.	Hon Alice Wahome	State dept for Lands and Physical Planning
2.	FCCA Hon John Mbadia Ngo'ngo	National Treasury.
3.	Hon Onesimus Kipchumba Murkomen	Interior and Coordination of Government
4.	Dr Deborah Mlongo Barasa	Ministry of Environment and Forestry
5.	Hon Mutahi Kagwe	Ministry of Agriculture, Livestock, Fisheries and Cooperative.

Board diversity

Members, who have experience in Lands governance, administration, economics, engineering the Fund's mandate, constitute the Board.

Roles and Responsibilities of Fund Management

The roles and responsibilities of members are outlined in the enabling legislation. These roles and responsibilities are also detailed in the Ministry's Performance Contracting Strategic objectives for the FY 2024/2025.

10. Management Discussion and Analysis

During the year under review the Fund was allocated a total of Ksh 3,000,000,000 from the Ministry to finance its activities in addition to the Ksh 302,405,350 rolled over from the previous period 67% of which was received in the the financial year and a further 22% remained as receivable in the fund as at 30th June of the year this marked an increase of Ksh 550,000,000 from the previous period representing attributable mainly to the prospective settlement purchase and distribution activities anticipated for Kedong ranch. A large portion of these funds were channelled towards facilitating the Fund carry out its core mandate as well as putting up the Fund's systems and structures to improve efficiency.

In the current reporting period, Ksh 980,435,386 was spent on use of goods and services from Ksh 630,212,266 from the past year marking an increase of 56% from the previous reporting period mainly due to increased resettlement activities and related works were carried out in the two periods, Ksh 1,011,858 was spent on Repair and maintenance costs and no finance cost was incurred toward the completion of repayment on the borrowing facility since the this loans outstanding were completed in the previous reporting period. The Fund continues with its intended plans to build capacity amongst the staff, put up a fully-fledged lands management system to enable it to discharge its mandate effectively subject to budgetary approval and constraints in the general economic and operating environment.

11. Environmental and Sustainability reporting

The Lands Settlement Fund exists to transform lives. The management is committed to environmental and sustainability reporting as the driving force to deliver its strategy, putting the citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the Authority's activities that promote sustainability.

i. Sustainability strategy and profile.

The fund through its objective of facilitating the settlement and adjudication of lands issues as well as catering for the needs of the landless in the country of thus ensuring that that the security of the citizens is enhanced in collaboration with the Partner Ministries.

ii. Environmental performance

The Fund believes in environmental conservation as well as a safe working environment. The Authority adopts various measures to ensure that its employees remain safe from the Pandemic that continues to cause health and economic challenges within the country. The Fund adopts the following measures and protocols as a way of curtailing the transmission of the novel virus; remote working as employees are provided with adequate working tools, such as laptops. Offering psychosocial support through sensitization; Constant communication by giving regular feedback to issues affecting staff through virtual informal staff meetings; provision of masks, adequate and accessible hand sanitizers, among others.

iii. Employee welfare

The Fund continues to hire more staff to strengthen the Secretariat to ensure the Fund achieves its mandate.

The Fund also facilitated staff to undertake Continuous Professional Development Programmes (CPDs) for effective management and career progression.

iv. Market place practices

The Fund believes in responsible competition practice, fair competition, and respect for competitors in business practices and treating suppliers responsibly and respecting payment practices. The authority also believes in ethical market practices as well as consumer rights and interests. This is emphasized through adherence to the public procurement and disposal arrangements as enshrined in the PPAD Act.

v. Corporate Social Responsibility

In the financial year 2024/25, the Fund participated in the resettlement efforts with respect to settlement of the displaced, notably in the Dongo Kundu and Kedong ranch settlement areas. The Fund functions and activities are all geared toward assisting government give back to the Society in which it exists and operates.

12. Report of the Trustees/ Fund Administration Committee

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

Principal activities

The principal activities of the Fund is the management of settlers and settlement schemes

Performance

The performance of the Fund for the year ended June 30, 2025, is set out on pages 1 to 35


Trustees

The members of the Fund Administration Committee who served during the year are shown on page vii to xi for this report

Auditors

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

By Order of the Board


.....

Chair of the Board/ Fund Administration Committee

13. Statement of Management's Responsibilities

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

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

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date.

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

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

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

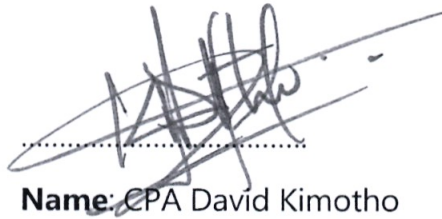
Approval of the financial statements

The Fund's financial statements were approved by the Trustees on 20/11/ 2025 and signed on its behalf by:



Name: Hon Generali Nixon Korir

Fund Administrator



Name: CPA David Kimotho

Fund Accountant

ICPAK M/No 9180

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON LAND SETTLEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR LANDS AND PHYSICAL PLANNING

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 Land Settlement Fund set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Land Settlement Fund for the year ended 30 June, 2025 – State Department for Lands and Physical Planning

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Land Settlement 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 Lands Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.11,583,511,540 which, as disclosed in Note 12 to the financial statements comprises of long-term loan repayment of Kshs.6,514,399,692, long term interest receivable balance of Kshs.5,003,157,641 and development loan balance of Kshs.65,954,207. The ageing analysis of the receivables indicates that an amount of Kshs.11,419,904,194 or 91% of the total receivables had been outstanding for more than three (3) years. Management attributed this to settlers' general slow pace of loan repayment caused by the tedious manual bill processing and dispatch process that were previously in place.

Further, the schedule of the outstanding loans and interest receivables revealed that the Fund had some long outstanding loans some of which had accumulated for more than sixty (60) years. The Fund did not have a policy on evaluation and management of accounts receivables which can be used to determine the recoverability of the outstanding loans. Management made no provision for bad debt or proposed any write-off despite the remote chances in the recovery of the debts that are over sixty (60) years old.

In the circumstances, the accuracy and valuation of the long receivables from exchange transactions could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,679,724,346 and Kshs.2,187,076,752 respectively, resulting to under-funding of Kshs.492,647,594 or 18% of the budget. However, the Fund spent an amount of Kshs.1,777,408,869 against actual receipts of Kshs.2,187,076,752 resulting to an under-utilization of Kshs.409,667,883 or 19% of the actual receipts. The statement of comparison of budget and actual amounts did not reflect the total expenditure balances in each column as required by the reporting template.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund in 2024/2025 revealed that the following four (4) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Long Outstanding Receivables from Exchange Transactions
2	2023/2024	Budgetary Control and Performance
3	2023/2024	Undistributed Land
3.1	2023/2024	Kisima Njoro For Resettlement of IDPs in Nakuru County
3.2	2023/2024	Mikanjuni Farm in Kilifi County
3.3	2023/2024	Kadza Ndani Land in Mombasa County
3.4	2023/2024	Mazrui Farm in Kilifi County
4	2023/2024	Lack of Risk Management Policy

Other Information

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

In connection with my audit on the Land Settlement Fund 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 effects of the matter 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

Delayed Land Distribution

As previously reported, the Fund had purchased various parcels of land valued at Kshs.10,191,872,625 across the country. The details of the undistributed land are as shown in the table below:

No.	Land Location Details	Acreage	Purpose	Amount	Current Status
1	Kisima Njoro – Nakuru County	1,112	Resettlement of IDPs	396,984,000	The delay in settlement was occasioned by several court cases. However, the court cases were dismissed in favour of the State Department.
2	Mikanjuni Farm-Kilifi County	91	Resettlement of informal settlers	377,000,000	An approval letter for the preparation of title deeds was issue to the Cabinet Secretary.
3	Kadza Ndani-Mombasa County	28.4	Resettlement of informal settlers	378,000,000	Planning and Surveying have been completed resulting in 390 plots.
4	Mazrui Farm-Kilifi County	1,497.38	Resettlement of informal settlers	445,461,6 25	The Directorate is in initial stage of planning, surveying and allocating squatters.
5	Kedong Ranch – Nakuru County	-	Resettlement of informal settlers	8,594,427,000	The process of identifying and allocating the beneficiaries was still ongoing.
Total				10,191,872,625	

The above parcels of land were purchased for the settlement of informal settlers including Internally Displaced Persons (IDPs). However, review of records revealed that the settlement process had not been completed despite purchase of the land. The Fund attributed this to various reasons namely, numerous court cases, planning of land to cater for amenities and public utility plots which was still on-going, the final allocation in terms

of acreage per squatter was yet to be determined and the Directorate is in initial stage of planning, survey and allocation of the informal settlers

Further, it was noted that the Fund had finalized the exercise for Mikanju farm in Kilifi and Kadza Ndani Land in Mombasa and an approval letter for preparation of title deeds issued to the Cabinet Secretary from Director – Directorate of Land Adjudication and Settlement.

In the circumstances, the value for money for the expenditure of Kshs.10,191,872,625 could not be confirmed.

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

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

Conclusion

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

Basis for Conclusion

Lack of Risk Management Policy

The Fund's Institutional Risk Management Policy Framework (IRMPF) Steering Committee had been constituted. However, the Fund did not have in place an institutionalized Risk Management Policy hence no formal approved processes and guidelines on how to mitigate operational, legal and financial risks exists.

In the circumstances, Management is not in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating identified risks.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

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

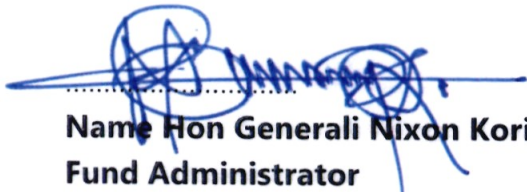
15 December, 2025


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

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from Sate Department for Lands & Physical Plannin	6	2,700,000,000	2,450,000,000
Revenue from exchange transactions			
Interest income	7	27,318,996	27,642,394
Total revenue		2,727,318,996	2,477,642,394
Expenses			
Use of Goods and Services	8	980,435,386	630,212,266
Repairs & Maintenance	9	1,011,858	4,081,345
Total expenses		981,447,244	634,293,611
Surplus		1,745,871,752	1,843,348,784

(The notes set out on pages 14 to 24 form an integral part of these Financial Statements).

The financial statements were approved on 20/11/25 by:


Name Hon Generali Nixon Korir
Fund Administrator


Name: CPA David Kimotho
Fund Accountant
ICPAK M/No 9180

16. Statement of Financial Position as at 30 June 2025

	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	10	425,981,678	39,351,600
Receivables from exchange transactions	11	1,027,318,996	327,642,394
Inventory	13	10,191,872,624	10,191,872,625
Total Current Assets		11,645,173,298	10,558,866,619
Non-current assets			
Receivables from exchange transactions	12	11,583,511,540	11,740,540,547
Total assets		23,228,684,838	22,299,407,166
Liabilities			
Trade and other payables	14	6,410,940,637	7,227,534,717
Total Current Liabilities			
Total liabilities		6,410,940,637	7,227,534,717
Net assets			
Accumulated surplus	15	16,817,744,201	15,071,872,449
Total net assets and liabilities		23,228,684,838	22,299,407,166

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 20/11/2025 and signed by:


Name Hon General Nixon Korir
Fund Administrator


Name CPA David Kimotho
Fund Accountant
ICPAK M/No9180

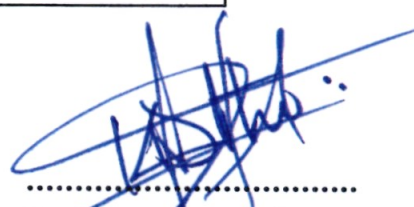
17. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Accumulated surplus	Total
	Kshs.	Kshs.
Balance as at 1 July 2023	12,831,539,665	12,831,539,665
Surplus for the year	1,843,348,784	1,843,348,784
Adjustment	396,984,000	396,984,000
As at 30 June 2024	15,071,872,449	15,071,872,449
Balance as at 1 July 2024	15,071,872,449	15,071,872,449
Surplus for the year	1,745,871,752	1,745,871,752
As at 30 June 2025	16,817,744,201	16,817,744,201



Name Hon General Nixon Korir

Fund Administrator




**Name CPA David
Kimotho
Fund Accountant
ICPAK M/No 9180**

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

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from State Department of Lands & Physical Pla		2,000,000,000	2,150,000,000
Other receipts			50,000
Total receipts		2,000,000,000	2,150,050,000
Payments			
Use of goods and services		980,435,386	630,212,266
Repairs & Maintenance		1,011,858	4,081,345
Other payments			
Total payments		981,447,244	634,293,611
Net cash flow from operating activities	16	1,018,552,756	1,515,756,389
Cash flows from investing activities			
Land acquisitions in the year		(795,961,625)	(1,700,000,000)
Decrease in Non Current Receivables		184,671,402	166,952,319
Net cash flows used in investing activities		(611,290,223)	(1,533,047,681)
Cash flows from financing activities			
Deposits paid		(20,632,455)	36,946,306
Net cash flows (used)/from financing activities		(20,632,455)	36,946,306
Net increase in cash and cash equivalents		386,630,078	19,655,014
Cash and cash equivalents at 1 July	10	39,351,600	19,696,586
Cash and cash equivalents at 30 June	10	425,981,678	39,351,600


 Name Hon Generali
 Nixon Korir
 Fund Administrator


 Name CPA David
 Kimotho
 Fund Accountant
 ICPAK M/N 9180

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Rolled over Resources	2,405,350		2,405,350	2,405,350	-	100%
Transfers from State Dep	3,000,000,000	(500,000,000)	2,500,000,000	2,000,000,000	500,000,000	80%
Settlement Revenues	150,000,000		150,000,000	184,671,402	(34,671,402)	123%
Other income	27,318,996		27,318,996	-	27,318,996	0%
Total Revenue	3,179,724,346	(500,000,000)	2,679,724,346	2,187,076,752	492,647,594	82%
Expenses						
Use of Goods and Service	999,931,693		999,931,693	980,435,386	19,496,307	98%
Repairs & Maintenance	1,100,000		1,100,000	1,011,858	88,142	92%
Recurrent Expenditure	1,001,031,693	-	1,001,031,693	981,447,244	19,584,449	98%
Capital Expenditure	2,178,692,653	(500,000,000)	1,678,692,653	795,961,625	882,731,028	47%
Total	3,179,724,346	(500,000,000)	2,679,724,346	1,777,408,869	902,315,477	66%

over collection arose due to collection of previous years outstanding receivables from settlers collected during the current period

Changes between original and final budget arose due to supplementary budgets passed in the period under review.



.....
**Name Hon Generali Nixon
 Korir
 Fund Administrator**



.....
**Name CPA David Kimotho
 Fund Accountant
 ICPAK M/N 9180**

20. Notes to the Financial Statements

1. General Information

Lands Settlement Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is settlement of Kenyans.

a. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

2. Adoption Of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The fund has not entered into any lease arrangements</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The fund holds its for sale/distribution noncurrent assets as inventory held for distribution in the ordinary course of business of the scheme</p>

ii. **Early adoption of standards**

The Fund did not early – adopt any new or amended standards in the year 2024/2025.

3. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b. Budget information

The original budget for FY 2024/25 was approved in July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

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

approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c. Property, plant, and equipment(PPE)

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The fund did not have any assets under management subjected to depreciation or PPE adjustments in the period under review.

Significant Accounting Policies cont...

d. Financial instruments

1) Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

e. Contingent liabilities

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

f. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. The fund maintains a reserve for accumulated surplus comprising the cumulative surplus or deficits earned or incurred by the fund for the periods from inception to date.

Significant Accounting Policies (Continued)

g. Changes in accounting policies and estimates

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

h. Related parties

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

i. 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 Kenya Commercial Bank at the end of the financial year.

j. Comparative figures

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

k. Events after the reporting period

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

Significant Accounting Policies (Continued)

I. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the State department for Lands & Physical Planning. Its ultimate parent is the Government of Kenya.

m. Currency

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

4. Significant judgments and sources of estimation uncertainty

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

5. Estimates and assumptions

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

Notes to the Financial Statements**6. Transfers from the Parent Ministry/SC/SAGA**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from Government entities– operations (State Department for Lands & Physical Planning)	2,700,000,000	2,450,000,000
Total	2,700,000,000	2,450,000,000

7. Interest income

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest Income from Loans	27,318,996	27,985,862
Total Interest Income	27,318,996	27,985,862

8. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Pre settlement development costs	217,798,740	50,744,451
General office expenses	18,163,410	7,087,839
Administration fees	431,225,371	374,044,657
Telephone a Communication expenses	540,000	210,000
Bank charges	230,060	152,102
Accommodation And subsistence Allowance	296,493,032	189,187,465
Fuel & oil	15,984,722	8,785,752
Printing and Stationery	-	-
Total	980,435,335	630,212,266

9. Repairs & Maintenance

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Repairs and maintenance	1,011,858	4,081,345
Total	1,011,858	4,081,345

Notes to the Financial Statements continued

10. Cash and cash equivalents

Description	2024/2025	2023/2024
	Kshs.	Kshs.
SFT Operational Account	425,979,990	39,350,924
Cash	1,688	676
Total Cash and Cash equivalents	425,981,678	39,351,600

a) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

		2024/2025	2023/2024
Financial Institution	Account number	Kshs.	Kshs.
LSF Fund Account			
Kenya Commercial Bank Account	1109021796	425,979,990	39,350,924
Sub- Total		425,979,990	39,350,924
Cash On Hand		1,688	676
Total		425,981,678	39,351,600

11. Receivables from Non exchange transactions-Current

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Current Receivables		
Interest Receivable	27,318,996	27,642,394
Current Grants Receivables (State Department for Lands & Physical Planning)	1,000,000,000	300,000,000
Total Receivables From Exchange Transactions	1,027,318,996	327,642,394

Notes to the Financial Statements continued**12. Receivables from exchange transactions- Non Current**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Non-Current Receivables		
Long Term Loan Receivables	6,514,399,692	6,618,256,223
Long term Interest Receivable Outstanding	5,003,157,641	5,055,278,634
Development Loan Issued	65,954,207	67,002,590
Total Non- Current Receivables	11,583,511,540	11,740,540,547

a) Total Receivables From Exchange Transactions

Analysis	2024/2025	2023/2024
	Kshs.	Kshs.
Total Receivables From Exchange Transactions	1,027,318,996	327,642,394
Total Non- Current Receivables	11,583,511,540	11,740,540,547
Total Receivables From Exchange Transactions	12,610,830,536	12,068,182,941

b) Ageing analysis for Receivables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	1,027,318,996	8.15%	327,642,394	2.71%
Between 1- 2 years	71,637,258	0.57%	43,994,864	0.36%
Between 2-3 years	91,970,088	0.73%	47,975,224	0.40%
Over 3 years	11,419,904,194	90.56%	11,648,570,459	96.52%
Total (a+b)	12,610,830,536	100%	12,068,182,941	100%

c) Analysis of Receivables Movement during the year

Description	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	12,068,182,941	11,907,492,866
Additional provisions during the year	1,027,318,996	327,642,394
Recovered during the year	(184,671,402)	(166,952,319)
Less receivables from prior collected	(300,000,000)	-
Written off during the year	-	-
At the end of the year	12,610,830,535	12,068,182,941

13. Inventory

Description	2024/2025	2023/2024
	Kshs.	Kshs.
As at 1st Jul	10,191,872,624	1,200,461,624
Additions during the year		8,594,427,000
Adjustment during the year*		396,984,000
Closing Inventory/Holdings	10,191,872,624	10,191,872,624

14. Trade and other payables

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Trade payables-Mazrui parcel	-	295,961,625
Trade payables-Kedo'ng parcel	6,394,427,000	6,894,427,000
Deposits & retentions	199,842	199,842
Other payables	16,313,795	36,946,250
Total trade and other payables	6,410,940,637	7,227,534,717

Notes to the Financial Statements continued

a) Trade and other Payables ageing analysis

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	-	0%	6,931,373,250	95.90%
Between 1- 2 years	6,394,427,000	99.74%	295,961,625	4.09%
Between 2-3 years	16,313,795	0.2545%	199,842	0.00%
Over 3 years	199,842	0.0031%	199,842	0.00%
Total (a+b)	6,410,940,637	100%	7,227,734,559	100%

b) Other Payables Movement Analysis

Deposits Movements Analysis	NYS-Lumakanda	Dongo Kundu	Lpartuk	Kilifi county Governemnt	Total
Opening Balances	0	26,291,730	(80)	10,654,600	36,946,250
Additions	4,431,785.05				4,431,785
Less Utilized Amounts		(25,064,240)		0	(25,064,240)
					-
Deposit Balance	4,431,785	1,227,490	(80)	10,654,600	16,313,795

15. Revenue Reserves

Description	2024/25	2023/24
	Kshs.	Kshs.
Bal b/f	15,071,872,449	12,831,539,665
Surplus for the Year	1,745,871,752	1,843,348,784
		396,984,000
Total Revenue Reserves	16,817,744,201	15,071,872,449

Notes to the Financial Statements continued

16. Net cash flows from operating activities

	2024/25	2023/24
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	1,745,871,803	1,843,348,784
Adjusted for		
Changes in receivables	(700,000,000)	(300,000,000)
Interest income accrued	(27,318,996)	(27,642,394)
Changes in deposits	(20,632,455)	
Prepayments applied during the period	-	50,000
Total	(747,951,451)	(327,592,394)
Net cash flow from operating activities	997,920,352	1,515,756,390

Notes to the Financial Statements continued

1. Reconciliation of Surplus Between Budget and Financial Performance Reports

Surplus as per budget	1,205,629,508
less Rolled over resources	(2,405,350)
Less previous receivables	(300,000,000)
Add Grant Receivable	1,000,000,000
Add Accrued interest for the year	27,318,996
Settlement revenues	(184,671,402)
Surplus as per financial performance	1,745,871,752

Other Disclosures

2. 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 Fund's management based on prior experience and their assessment of the current economic environment.

b) Liquidity risk management

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

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

Other Disclosures Continued

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.
At 30 June 2025				
Trade Payables	-	-	6,410,940,637	6,410,940,637
Total	-	-	6,410,940,637	6,410,940,637
At 30 June 2024				
Trade Payables	-	-	7,227,534,717	7,227,534,717
Total	-	-	7,227,534,717	7,227,534,717

c) Market risk

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

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

The Fund's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

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

Other Disclosures Continued

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

e) Capital risk management

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

Description	2024/25 Kshs.	2023/24 Kshs.
Revolving fund	-	-
Accumulated surplus (<i>Reserves</i>)	16,817,744,202	15,071,872,449
Total funds	16,817,744,202	15,071,872,449
Less: cash and bank balances	(425,981,678)	(39,351,600)
Net debt/(excess cash and cash equivalents)	16,391,762,524	15,032,520,849
	100%	100%

Other Disclosures Continued

3. Related party balances

a) Nature of related party relationships

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

- a) National government Ministry
- b) Key management;
- c) Board of Trustees/Committee; etc

b) Related party transactions

i. Transfers from related parties

Description	2024/25	2023/24
	Kshs.	Kshs.
Transfers from State Department for Lands & Physical Planning	3,000,000,000	2,450,000,000

21. 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.

Folio	Issues raised	Responses	Responsible Person	Status	Time Frame
1	<p>1.Undistributed land</p> <p>1.1.KisimaNjoro LR No. 9216 for resettlement of Internally Displaced Persons (IDPS) in Nakuru County</p>	<p><i>The management wish to state that Kisima Moro L.R. No. 9216 was purchased at Kshs 396 984,000 as per agreement for sale dated 3rd October 2012 for the re-settlement of internally displaced persons (IDPs). The farm had initially been planned and surveyed for the re-settlement of 433 Internally Displaced Persons (IDPs). However, a group of forty five (45) former employees of the farm felt that they had a stake in the farm since they were already squatters on the farm. They filed a suit at the High Court of Kenya in the Nakuru Environment and Land Court (ELC) as Case No. 173 of 2012 thereby occasioning a delay. The matter was</i></p>	Principal Secretary	unresolved	30th June 2025

*Lands Settlement Fund
Annual Report and Financial Statements For the year ended 30 June 2025*

	<p><i>subsequently settled out of court and the settlement agreement adopted by the Court through a consent order dated 79th May, 2016 whereby, the Court directed that the land be sub-divided and the 45 former workers be awarded One (1) acre each.</i></p> <p><i>In observance of the court orders, the Director of Physical Planning was requested to replan the farm to cater for the 45 farm workers. The plan was finalized on 23rd January 2020 and the process of survey and demarcation commenced. However, as the re-survey was ongoing, E.L.C suit no. 19 of 2020 (Maryanne Chepkorir and Nathan William Hinga vs Nyoike Njenga Hinga, Charles Kibandi Kaguoya and others) restraining the defendants from interfering with the land parcel was filed and the court ordered that the survey works be suspended until the case was heard and determined.</i></p>		
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	<p>Samuel kirui and 180 others also filed another case in ELC NO.3420f 2074 with a claim of a share of land in kisima farm . ELC gave an order to DCC njoro sub-county to chair with the petitioners in view of finding a solution through alternative dispute resolution and file a consent or report with the court. The parties did not agree citing that DCC njoro was biased prompting ELC to issue another order on 16th march 2022 directing the County Commissioner to mediate and arbitrate the dispute and file a consent or report in court.</p> <p>After deliberations of the committee and the visit to the farm a report was submitted to the court on 24th January, 2023. The case was to be heard on 20h February,2023 but the advocate for petitioners did not attend . The case is scheduled for hearing on 2nd and 3rd October, 2023. Case no 3420f2014 has barred any transactions concerning kisima and the main</p>		
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*Lands Settlement Fund
Annual Report and Financial Statements For the year ended 30 June 2025*

5	<p>1.2 Mikanjuni Farm LR No. MN/IV/14 in Kilifi County</p>	<p><i>case ELC no 19 of 2020 is still pending in court over succession of Benard Hinga properties.</i></p> <p><i>The management wish to state that the reason for holding the land as inventory is because planning of the land to cater for amenities such as access roads and public utility parcels is still on-going and the final allocation in terms of acreage per squatter is yet to be determined. Once the exercise is finalized, it will be possible to distribute the land to the allottees and hence be able to determine and apply the amounts receivable from each beneficiary.</i></p>	Principal Secretary	Unresolved	30th June 2025
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*Lands Settlement Fund
Annual Report and Financial Statements For the year ended 30 June 2025*

6	<p>1.3 KadzaNdani LR NO 241/1MN (CR.849), 243/1/MN (CR.847) and 244/1/MN (CR.848) in Mombasa County</p>	<p><i>The management wish to state that the land is held as inventory because planning of the land to cater for amenities and public utility plots is still on-going and the final allocation in terms of acreage per squatter is yet to be determined. Once the exercise is finalized, it will be possible to distribute the land to the allottees and hence be able to determine and apply the amounts receivable from each beneficiary.</i></p>	Principal Secretary	Unresolved	30th June 2025
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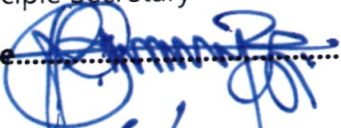
*Lands Settlement Fund
Annual Report and Financial Statements For the year ended 30 June 2025*

8	2. Lack of a risk management policy and Audit Committee	<i>The management wish to state that the fund is established under the land act, 2012, it operates under the State Department of lands and Physical Planning and is therefore covered under the Departments Institutional Risk Management Policy in line with Treasury Circular no.3/2009 of 23rd February, 2009.</i>	Principal Secretary	unresolved	30th June 2025
	Lack of Organizational Structure	<i>Management explained that it is in the process of establishing the necessary administration structures</i>	Principal Secretary	Unresolved	30 th June 2025

Hon Generali Nixon Korir

Principle Secretary

Date.....



20/11/25

Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

State Department for Lands & Physical Planning
Ardhi House Building

The State Department for Lands & Physical Planning wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	08/07/2025	-	300,000,000	-	300,000,000	300,000,000	-
	25/09/2025	-	750,000,000	-	750,000,000	750,000,000	-
	16/11/2025	-	750,000,000	-	750,000,000	750,000,000	-
	17/04/2025	-	200,000,000	-	200,000,000	200,000,000	-
	08/07/2025	-	1,000,000,000	-	1,000,000,000	-	1,000,000,000
		-		-			-
		-		-			-
Total			<u>3,000,000,000</u>		<u>3,000,000,000</u>	<u>2,000,000,000</u>	<u>1,000,000,000</u>

In confirm that the amounts shown above are correct, the amount of Ksh 300,000,000 was received by the fund on 8th July 2024

Head of Accountants department of beneficiary Fund:

Name David Kimani Sign  Date 20/11/25

Annex III: Reporting of Climate Relevant Expenditures

Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

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