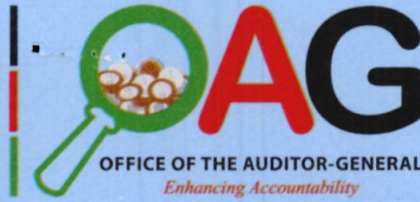


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



**REPORT NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 11 FEB 2026

DAY.

WEDNESDAY

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OF

LEADER OF MAJORITY PARTY

(HON' KIMANI ICHUNGIWATH)

CLERK-AT
THE TABLE:

J. LEMERELLE

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**KENYA SCHOOL OF GOVERNMENT CAR
LOAN AND MORTGAGE SCHEME**

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



KENYA SCHOOL OF GOVERNMENT CAR LOAN AND MORTGAGE SCHEME

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

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

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1. Acronyms and Definitions of Key Terms

A. Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board

B. Definition of Key Terms

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

Comparative Year: Means the prior period.

2. Key Scheme Information and Management

a) Background information

The Kenya School of Government Scheme is established by and derives its authority and accountability from PFM Act of 2012 and Regulation 127(1)(2) of the PFM (National Government) Regulations 2015. The Fund is wholly owned by the Kenya School of Government and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Scheme is to provide financial assistance to its members of staff to enable them acquire cars and residential houses. The Scheme is administered by the Fund Administrator. 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. The fund administrator is responsible for the day-to-day operations.

c) Scheme Administration Committee

SN	Position	Name
1	Chairperson	Dr. Tom Wanyama
2.	Vice Chairperson	Dr. Ann Kangethe
3.	Other Committee Members	Dr. Joseph Ndungu Dr. John Bii Dr. Florence Kithinji Mr. Humphrey Mokaya Dr. Rukia Atikiya Mr. Titus Githiora CPA Eveline Wahome
4.	Secretary	CHRP Florence Wanguku
5.	Scheme Administrator	Prof. Nura Mohamed

d) Key Management

SN	Position	Name
1	Scheme Manager	Dr. Ann Kang'ethe
2	Scheme Accountant	CPA Eveline Wahome
3.	Scheme Secretary	CHRP Florence Wang'uku

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	CPA Eliud Kemboi
2	Scheme Chairperson	Dr. Tom Wanyama
3.	Scheme Secretary	Ms. Florence Wanguku

f) Registered Offices

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Nairobi, KENYA

g) Scheme Contacts

020-2043339/2043344
directorgeneral@ksg.ac.ke
www.ksg.ac.ke

h) Scheme Bankers

Mortgage Scheme
Kenya Commercial Bank
Account No. 1255055413
P.O Box 14959-00800
Nairobi, KENYA

Car Loan Scheme
Kenya Commercial Bank
Account No. 1255041269
P.O Box 14959-00800
Nairobi, KENYA







i) Independent Auditor

Auditor-General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya





j) Principal Legal Adviser

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

3. Scheme Administration Committee

Name	Details of qualifications and experience
 1. Dr. Tom Wanyama	Dr. Tom Oundo Wanyama holds a Ph.D in Environmental Sociology from Kenyatta University, Master of Arts in Sociology and a Bachelor of Arts from the same University. Dr. Wanyama has experience in capacity development in the Public Sector, Training and Consultancy. He is the Chairperson of the Scheme.
 2. Dr. Joseph Ndungu	Dr. Joseph Ndung'u holds the Master of Business Administration from Moi University and Bachelor of Science (Electrical Engineering) from University of Nairobi. Mr. Ndungu has a wealth of experience in management, planning and organization of information and communication technology.
 3. Dr. Ann Kang'ethe	Dr. Kang'ethe holds a PhD and a Master's of Science degree in Entrepreneurship (JKUAT), and Bachelors of Education Degree from University of Nairobi. She has worked in the Public Service for over Twenty (20) years. She is a member of the Car and mortgage Scheme.
 4. Dr. Florence Kithinji	Dr. Florence Kithinji holds a Doctor of Philosophy in Education, a Masters Degree in Education (Administration and Planning), and a Bachelor of Education (Arts). She has over 33 years experience in the Public Service and she has a wealth of experience in ethics, values and integrity. She is a member of the Scheme up until May 2025.
 5. Dr. John Bii	Dr. John Bii holds a Doctor of Philosophy (Ph.D.) in Business Administration (strategic management and e-commerce) from Kabarak University Kenya and Master of Business Administration majoring in strategic management from Mt. Kenya University. He has wide experience in the Public Sector. He is a member of the Scheme.
 6. Dr. Rukia Atikiya	Dr. Rukia holds BBOM, MBA, DBA Strategic Management from Jomo Kenyatta University. She has an experience in research, consultancy and training on competitive strategies, strategic plans and development of organisations systems and procedures. She is a member of the Scheme

**Kenya School of Government Car loan and Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2025**

Name	Details of qualifications and experience
 <p>7. ChRP Florence Wang'uku</p>	<p>ChRP Florence holds a Master Degree in Business Administration HR option from Kenyatta University. She also holds a Bachelor Degree in Business Administration HR option from Kenya Methodist University as well as a Higher Diploma in HR from KNEC. She is a Certified Human Resource Professional with over 10 years experience in Human Resource practice. She is the Secretary of the Scheme</p>
 <p>8. Mr. Humphrey Mokaya</p>	<p>Mr. Mokaya has a Master of Arts, Government and a Bachelor of Arts, Government from the University of Nairobi. Mr. Mokaya has vast experience in public sector capacity building and is a lead consultant and facilitator in Strategic Leadership, Public Administration, Corporate Governance as well as Peace Building and Conflict Management.</p>
 <p>9. Mr. Titus Githiora</p>	<p>Mr. Titus Githiora holds a Bachelors degree in Law (LL.B (Hons) and Master degree in Law (LL.M) from University of Nairobi. Mr. Titus Githiora has over 30 years experience as a lawyer in the Public Service.</p>
 <p>10. CPA Eveline Wahome</p>	<p>CPA Eveline Wahome holds a Masters degree in Strategic Management and Finance from Daystar University and a Bachelor of Science degree in Accounting from United States International University. She is a member of ICPAK and has over 10 years experience in Finance and Accounts Practice. She is a member of the Scheme.</p>

4. Management Committee

Name	Details of qualifications and experience
 1. Dr. Ann Kang'ethe	Dr. Kang'ethe holds a PhD and a Master's of Science degree in Entrepreneurship (JKUAT), and Bachelors of Education Degree from University of Nairobi. She has worked in the Public Service for over Twenty (20) years. She has a wide experience in Management Consultancy, Research and capacity building in the Public Service. She is a Scheme Manager of the Car and mortgage Scheme.
 2. CHRP Florence Wang'uku	CHRP Florence holds a Master Degree in Business Administration HR option from Kenyatta University. She also holds a Bachelor Degree in Business Administration HR option from Kenya Methodist University as well as a Higher Diploma in HR from KNEC. She is a Certified Human Resource Professional with over 10 years experience in Human Resource practice. She is the Secretary of the Scheme
 3. CPA Eveline Wahome	CPA Eveline Wahome holds a Masters degree in strategic Management and Finance from Daystar University and a Bachelor of Science degree in Accounting from United States International University. She is a member of ICPAK and has over 10 years experience in Finance and Accounts Practice. She is the Scheme Accountant.

5. Chairman's Report



The Kenya School of Government revolving fund for both Car loan and Mortgage are established by and derives its authority and accountability from PFM Act of 2012 and Regulation 127(1)(2) of the PFM (National Government) Regulations 2015.

The scheme was established and operationalised in the year 2019 and it is administered by the Director General through a management committee whose role is to evaluate loans in line with the guidelines issued and recommend the applications for processing by the Kenya Commercial Bank who are the Scheme bankers.

During the year 2024-2025, the Scheme's Administration Committee issued loans of Kshs.14,169,967 to two (2) staff members as Mortgage.

The main challenges experienced in the scheme include:

- a. Increase in market and inflation rates leading to inability by staff to secure car loans and mortgages;
- b. Low uptake of car loans
- c. Lengthy turnaround/ processing time.

The Committee is however, committed to ensuring the facilities meet the intended objectives. Strategies will be developed and implemented to enhance efficiency and effectiveness of the scheme.



.....
Dr. Tom O. Wanyama
Chairperson of Scheme Administration Committee

6. Report of the Scheme Administrator



The Kenya School of Government Council is committed to finance the mortgage and car loan scheme to ensure that the staff are able to acquire decent houses and cars of their choice as a staff retention strategy. I therefore, express my appreciation to the management committee for steering the Scheme in accordance with the laid down procedures and policies.

As at the year ended June 30, 2025, the School had disbursed funds to the tune of Kshs.11,000,000 for the Car loans and Kshs.134,250,000 for Mortgages as revolving fund. The Scheme Administration Committee subsequently issued loans of Kshs.14,169,967 during the year as Mortgages.

Strategies will be put in place to ensure continuous improvement in terms of access and uptake of the facilities. Priority will also be given to promotion and strengthening of good governance, integrity, transparency and accountability in the management of the scheme.

A handwritten signature in blue ink, appearing to read 'Nura Mohamed', written over a dotted line.

**Prof. Nura Mohamed PhD., EBS
Scheme Administrator**

7. Statement of Performance Against Predetermined Objectives

The financial performance of the Scheme is in line with the objectives of the National Government predetermined objectives.

The Scheme's performance against predetermined objectives is listed below as indicated in the Strategic plan of the School:

Strategic	Objectives	Indicator	Activities	Achievements
Attract and retain competent staff	To strengthen human resource of the School	Increase in the number of applicants	Increase the funding of Scheme	All staff who place their requests have been issued with loans.

The achievements are tied to the performance contract through the retention of staff strategic pillar.

8. Corporate Governance Statement

i. Appointment and removal of the Scheme's management

The Management Committee is appointed by the Scheme Administrator. The Campus Directors, the Head of Finance and the Head of Human Resource are members of the Committee. The appointment is based on offices and not individuals. The management committee members are removed upon exit of service or when the member is facing a disciplinary case with the employer. The Scheme implements the KSG service charter.

ii. Roles of the Scheme's management

The following are the roles and functions of the Scheme's management:

- Receive and process applications for loan based on approved policy guidelines
- Set up criteria for evaluation of applications
- Prepare annual budget proposals for the fund.
- Consider housing development and financing proposals for approval
- Receive any gifts, donations, grants or endowments made to the fund.

iii. Induction, Training and Development

The committee members are trained on a continuous basis on emerging issues.

iv. Board and members performance

The performance of the Committee is monitored through the agendas discussed during the meetings.

v. Number of meetings held and attendance

The Scheme Administration Committee attendance did not meet during the year ended June 30, 2025.

vi. Succession Plan

The Fund Administrator appoints a member as soon as a member leaves to ensure continuity.

vii. Conflict of interest

In every meeting all the members declare conflict of interest in a register

viii. Scheme Committee remuneration,

The Scheme's committee members are not remunerated.

ix. Ethics and conduct

The Scheme's committee members comply with the Ethics and integrity Act.

x. Governance Audit

The Scheme is audited through the Kenya School of Government.

xi. Communication Policy

The Scheme has adopted the communication policy for the Kenya School of Government.

xii. Terms of reference of committees

The Scheme does not have committees.

xiii. Policy on related party transactions

The Scheme applies the policies in place to issue loans. Further, the funds invested in the Scheme will only be used to issue loans to staff in accordance with the laid down rules and procedures.

9. Management Discussion and Analysis

The Scheme does not receive funding from the exchequer but rather from the Kenya School of Government's A-I-A as the sponsor. During the year ended June 30, 2025, the Scheme issued mortgages of Kshs.14,169,967 to two (2) staff. Cumulatively, the outstanding amounts total Kshs.127,129,992 out of Kshs.134,250,000 disbursed for mortgages representing 95% absorption rate.

Further, during the year ended 30, June 2025, the Scheme disbursed nil to staff as car loans. However, cumulatively, the outstanding amounts total Kshs.3,915,223 out of Kshs.11,000,000 disbursed for car loans representing 36% absorption rate. The low absorption is due to loan allocation for some of the job groups is lower than the value of the vehicles of their choice.

The performance according to the industry is that the Scheme is performing well where the absorption rate is almost 100% such that there are officers in the queue waiting for availability of finances to finance their assets.

The Scheme's key investment is to facilitate staff to acquire residential houses and cars to meet their desires. The School is committed to provide funds to the Scheme to ensure the desires of staff investments is met.

During the year 2024-2025, the Scheme's Administration Committee issued loans of Kshs.14,169,967 as mortgage to two (2) staff. Cumulatively, the outstanding loans as at June 30, 2025 for mortgages was Kshs.127,129,992 and for car loans is Kshs.3,915,223.

The major risks facing the Scheme includes inflation where the residential houses and car loan increase in value and hence staff are unable to acquire these assets. There is also the financial risk whereby the unutilised funds are held by the banks and finally operational risk whereby the funds are not adequate to meet the requests placed by staff to acquire houses and cars.

This is because the School finances this scheme through its appropriation in aid (A.I.A) and hence the funds may be inadequate attributed by budget cuts across the National and County Government and thus affecting sufficient funds to finance the scheme adequately.

Kenya School of Government Car loan and Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2025

The Scheme continues to comply with all the statutory laws and regulations and that there are no statutory arrears relating to the Scheme and that taxes are paid through the Kenya School of Government personal identification number (PIN).

10. Environmental And Sustainability Reporting

i) Sustainability, strategy and profile

The Kenya School of Government's Mortgage and Car loan Scheme exists to transform the lives of the KSG staff. This also leads to motivation of staff and subsequently staff retention.

The global political trends through the global economy influence interest rates through rising global inflation and geopolitical instability which increases the cost of construction material and vehicle imports. These factors thereafter, affect the Kenyan economy and policy decisions.

The macroeconomic trends affects the exchange rates leading to increase in import costs of vehicles and construction materials leading to low uptake of mortgage and car loans due non affordability of the assets attributed by allocations for each category of staff.

The key achievement is that despite the inflation, the uptake of loans was high almost 100% absorption of allocated funds. However, the major challenge was inadequate funding to enable all applicants of mortgages have been issued loans. The loans are issued according to the contracts in place between the service providers and the Scheme as well as the staff. The staff who are issued with loans to constructed are urged to consider prioritising allocation of goods or services while procuring to the persons with disability category.

ii) Environmental performance

To ensure environmental performance for the case of mortgages, the staff are required to obtain approvals from the National Environment Management Authority (NEMA) to ensure compliance with the below policies before loans are issued to them.

- a. The National Building Code 2024 to promote smart energy systems and use of environmentally friendly materials,
- b. The Environmental Management and Coordination Act (EMCA) 1999 to prohibit the discharge of waste that could harm the environment or human health and disposal of waste from construction; and
- c. The National Climate Change Action Plan to ensure green buildings.

Further, the Scheme advances staff car loans to purchase cars that are environmentally friendly whereby for the case of imported vehicles must be less than eight (8) years old from the year of manufacture and will be subject to roadworthiness inspection by a KEBS appointed inspection agent in the country of export to reduce emissions and promote newer, more fuel-efficient vehicles.

iii) Employee welfare

The Scheme does not have full time employees. The welfare of the employees who manage the Scheme are being catered for by the Kenya School of Government including managing careers, appraisals and rewards. The staff ensure that they comply with School's policy on safety and compliance with Occupational Safety and Health Act of 2007.

iv) **Market place practices**

The Scheme has undertaken the following measures to manage market place practices

a) Responsible competition practice

In order to minimise corruption, the Scheme ensures that a valuer appointed by the service provider assesses the documentation for mortgages before the loans are issues to ensure that the amount quoted is as per the market rate and that there is no front loading for the case of construction.

Issuance of loans for the case of construction, the funds are issued to the staff at every stage of construction and after the valuer of the service provider has assessed the value of work done. For the case of purchase of a complete house, the funds are transferred to the seller.

For the case of vehicles, the Scheme ensures that valuation has been undertaken by the valuer recognised the Government of Kenya to ensure that the sale value is within the market price before the loan is issued. The funds are thereafter transferred to the seller of the vehicles.

b.) Responsible Supply chain and supplier relations

In order to ensure good business practice, the funds are disbursed within the terms agreed with the seller of the property.

c.) Responsible marketing and advertisement or Responsible engagement with the citizens.

The KSG staff are engaged on a continuous basis through emails and face to face to encourage them take up loans for mortgages and car loans. Also the Scheme the School publishes financial statements once an audit is carried out to inform the public about the performance of the Scheme.

d.) Product stewardship or Awareness creation

The KSG Scheme provides information to staff on a continuous basis upon enquiry. It also ensures availability of information through policies and procedures shared to staff which includes dispute resolution that's anchored to the laws of Kenya. The School also ensures confidentiality of information and data protection whose procedures is stipulated in the data policy and procedures for the School.

v.) Corporate Social Responsibility / Community Engagements

The Scheme did not undertake any corporates social responsibility during the financial year.

11. Report of the Administration Committee

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

Principal activities

The principal activities of the Scheme are to attract, retain and motivate KSG Staff through provision of financial assistance to enable them acquire residential houses and cars.

Performance

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

Administration Committee

The members of the Management Committee who served during the year are shown on page 6.

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 Members



.....
Chair of the Administration Committee

12. Statement of Management's Responsibilities

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


The Administrator of the Scheme 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 Scheme 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. The Administrator of the Scheme is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended June 30, 2025, and of the Scheme's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Scheme which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Scheme has assessed the Scheme's ability to continue as a going concern Nothing has come to the attention of the Administrator to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Scheme's financial statements were approved by the Council on 28/11/2025 and signed on its behalf by:


.....
Prof. Nura Mohamed PhD.,EBS
Scheme Administrator


.....
Tom O. Wanyama
Chairman of the Scheme

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF GOVERNMENT CAR LOAN AND MORTGAGE SCHEME FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya School of Government Car Loan and Mortgage Scheme set out on pages 1 to 17, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were key audit matters to report in the year under review.

Other Information

The Management is responsible for the Other Information set out on page i to xviii which comprise of Key Entity Information and Management, Chairman's Report, Report of the Scheme Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the management Committee, and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Scheme'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 and 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 thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Car Loan and Mortgage Scheme Interest Rate Guidelines

The statement of financial performance reflects interest income of Kshs.721,381 as disclosed in Note 7 to the financial statements. This relates to interest income earned from mortgage loans and car loans Schemes. Audit review established that the mortgage loans were charged at an interest rate of 4% per annum under an agreement between the Kenya School of Government and Kenya Commercial Bank. This rate is 1% higher than the recommended rate of 3% per annum contrary to Paragraph 6 of Salaries and Remuneration Commission (SRC) Circular SRC/ADM/CIR/1/13Vol.III(128) dated 17 December, 2014 on Car Loan and Mortgage Schemes for State and Public Officers of the Government of Kenya.

In these circumstances, Management was in breach of the circular.

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

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on 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

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

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Scheme Administrator

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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern applicable basis of accounting unless Management is aware of intention to terminate the Board or 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 are in compliance with the authorities which govern them and that public money is applied in an effective way.

The Scheme Administrator is responsible for overseeing the Scheme'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 overall governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

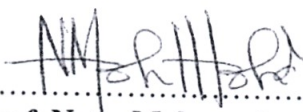
**Kenya School of Government Car loan and Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2025**

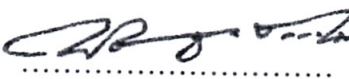
14. Statement of Financial Performance for the year ended 30th June 2025

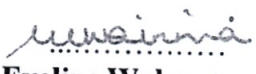
		2025	2024
	Note	Kshs	Kshs
Revenue from exchange transactions			
Interest income	7	721,381	708,554
Total revenue		721,381	708,554
Expenses			
Bank charges	8	2,556	-
Interest paid	9	541,859	522,652
Total expenses		544,415	522,652
Interest due to sponsor	10	176,966	185,902

The notes set out on pages 6 to 17 form an integral part of these Financial Statements.

The financial statements were approved on 28/11/2025 and signed by:


.....
Prof. Nura Mohamed PhD., EBS
Scheme Administrator


.....
Tom O. Wanyama
Chairperson of the Scheme



.....
Eveline Wahome
Scheme Accountant
ICPAK M/No. 5099

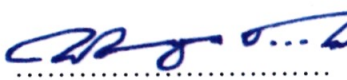
15. Statement of Financial Position as at 30th June 2025

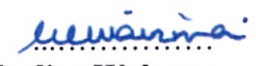
		2025	2024
	Note	Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	11	176,966	188,517
Due from Scheme Banker	12	14,204,786	16,923,348
Receivables from exchange transactions	13	131,045,214	128,326,652
Total Current Assets		145,426,966	145,438,517
Total assets (A)		145,426,966	145,438,517
Liabilities			
Due to the sponsor	10	176,966	188,517
Total Current Liabilities		176,966	188,517
Total liabilities (B)		176,966	188,517
Net Assets (A-B)		145,250,000	145,250,000
Represented By:			
Car loan revolving fund		11,000,000	11,000,000
Mortgage revolving fund		134,250,000	134,250,000
Net Assets		145,250,000	145,250,000

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

The financial statements were approved on 28/11/2025 and signed by:


 Prof. Nura Mohamed PhD., EBS
 Scheme Administrator


 Tom O. Wanyama
 Chairperson of the Scheme


 Eveline Wahome
 Scheme Accountant
 ICPAK M/No. 5099

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

	Mortgage Fund	Car Loan Fund	Total
	Kshs	Kshs	Kshs
As at 1 July 2023	134,250,000	11,000,000	145,250,000
Surplus/(deficit) for the period	-	-	-
Funds received during the year	-	-	-
Transfers	-	-	-
As at 30 June 2024	134,250,000	11,000,000	145,250,000
Balance as at 1 July 2024	134,250,000	11,000,000	145,250,000
Surplus/(deficit) for the period	-	-	-
Funds received during the year	-	-	-
Transfers	-	-	-
As at 30 June 2025	134,250,000	11,000,000	145,250,000

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

		<i>2025</i>	<i>2024</i>
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received		721,380	708,555
Total receipts		721,380	708,555
Payments			
Bank charges		(2,556)	-
Interest transferred to sponsor		(730,375)	(699,260)
Total payments		(732,931)	(699,260)
Net cash flow from operating activities		(11,551)	9,295
Cash flows from investing activities			
Loan disbursements paid out		(14,169,967)	(7,700,000)
Funds due to/ from scheme banker		14,169,967	7,700,000
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Receipts into the mortgage revolving fund		-	-
Receipts into the car loan revolving fund		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(11,551)	9,295
Cash and cash equivalents at 1 July	11	188,517	179,222
Cash and cash equivalents at 30 June	11	176,966	188,517

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

	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
Budget carry over from previous year						
Revenue						
Interest income	721,381	-	721,381	721,381	-	100%
Total Revenue	721,381	-	721,381	721,381	-	
Expenses						
Bank charges	2,556	-	2,556.00	2,556.00	-	
Interest paid	541,859	-	541,859	541,859	-	100%
Interest due to sponsor	176,966	-	176,966	176,966	-	100%
Surplus/ deficit	-	-	-	-	-	

19. Notes to the Financial Statements

1. General Information

The Kenya School Mortgage and Car Loan fund is established by and derives its authority and accountability from the Kenya School of Government Act. The Scheme is wholly owned by the Government of Kenya and is domiciled in Kenya. The Scheme's principal activity is to provide loans to staff to facilitate purchase of cars for private use and residential houses.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

There 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 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and

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	<p>lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>There is no impact of the standard to the Scheme</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<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><i>There is no impact of the standard to the Scheme</i></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>There is no impact of the standard to the Scheme</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

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	<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>There is no impact of the standard to the Scheme</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>There is no impact of the standard to the Scheme</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>There is no impact of the standard to the Scheme</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>There is no impact of the standard to the Scheme</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>There is no impact of the standard to the Scheme</i></p>

iii. Early adoption of standards

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

4. Significant Accounting Policies

a. Revenue recognition

i) 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 Scheme'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. Financial instruments

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

or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i. Financial assets

Classification of financial assets

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

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.

Trade and other receivables

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

ii. Financial liabilities

Classification

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

d. Contingent liabilities

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

e. Changes in accounting policies and estimates

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

f. Related parties

The Scheme 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 Scheme, or vice versa. Members of key management are regarded as related parties and comprise the Directors/Trustee, the Scheme Managers, and Scheme Accountant.

g. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes

in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

h. Comparative figures

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

i. Events after the reporting period

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

j. Ultimate and Holding Fund

The Scheme is established under Section 24(4) PFM Act under the Kenya School of Government. Its ultimate parent is the Government of Kenya.

k. Currency

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

5. Significant judgments and sources of estimation uncertainty

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

a. Estimates and assumptions

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

6. Transfers from Parent Company

	Amount recognized to Statement of Financial performance	Amount recognised in revolving fund.	2025	2024
	Kshs.	Kshs.	Kshs	Kshs
Transfer from KSG	-	145,250,000	145,250,000	145,250,000
Total	-	145,250,000	145,250,000	145,250,000

7. Interest income

	2025	2024
	Kshs	Kshs
Interest Income from Car Loans	13,636	9,455
Interest Income from Mortgage Loans	707,745	699,099
Total	721,381	708,554

8. Bank charges

	2025	2024
	Kshs	Kshs
Car loan Scheme	1,278	-
Mortgage Scheme	1,278	-
Total	2,556	-

9. Interest paid

	2025	2024
	Kshs	Kshs
Car loan Scheme	8,720	-
Mortgage Scheme	533,139	522,652
Total	541,859	522,652

10. Due to the sponsor

	2025	2024
	Kshs	Kshs
Balance brought forward	188,517	179,222
Paid to the sponsor during the year	(188,517)	(176,607)
Accrued during the year	176,966	185,902
Balance carried forward	176,966	188,517

11. Cash and cash equivalents

	2025	2024
	Kshs	Kshs
Car loan Scheme Account	3,639	12,070
Mortgage Scheme Account	173,327	176,447
Total	176,966	188,517

12. Due from Scheme Banker

	2025	2024
	Kshs	Kshs
Car loan Scheme	7,084,778	4,734,836
Mortgage Scheme	7,120,008	12,188,512
Total	14,204,786	16,923,348

13. Receivables from exchange transactions

Description	2025		2024	
	Kshs.		Kshs.	
Car loan Scheme	3,915,222		6,265,164	
Mortgage Scheme	127,129,992		122,061,488	
Total Current Receivables	131,045,214		128,326,652	
Total Receivables	131,045,214		128,326,652	
Ageing analysis (receivable from exchange transactions)	2025	% of total	2024	% of total
	Kshs		Kshs	
Less than 1 year	9,408,213	7%	11,451,404	9%
Between 1-2 years	9,101,462	7%	9,571,559	7%
Between 2-3 years	9,101,462	7%	9,408,213	7%
Over 3 years	103,434,077	79%	97,895,476	76%
Total	131,045,214	100%	128,326,652	100%

14. Financial risk management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Scheme'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

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levels of risk. The Scheme does not hedge any risks and has in place policies to ensure that credit is only extended to staff who are creditworthiness.

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

a) Credit risk

The Scheme 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 Scheme'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 Scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30th June 2024				
Receivables from Exchange Transactions-Car loans and mortgages	128,326,652	128,326,652	-	-
Bank Balances	188,517	188,517	-	-
Total	128,515,169	128,515,169	-	-
At 30th June 2025				
Receivables From Exchange Transactions-Car loans and mortgages	131,045,214	131,045,214	-	-
Bank Balances	176,966	176,966	-	-
Total	131,222,180	131,222,180	-	-

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 Scheme has recognised in the financial statements is considered

adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from staff.

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

b) Market risk

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

c) 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.

d) Capital risk management

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

Description	2025	2024
	Kshs.	Kshs.
Revolving fund	145,250,000	145,250,000
Total funds	145,250,000	145,250,000
Less: cash and bank balances	(176,966)	(188,517)
Net debt/(excess cash and cash equivalents)	145,073,034	145,061,483
Gearing	100%	100%

15. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Scheme 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 scheme is related to the following entities:

- a) National government Fund
- b) Key management;
- c) Committee

b) Related party transactions

i. Transfers from related parties

Description	2025	2024
	Kshs.	Kshs.
Transfers from related parties KSG	145,250,000	145,250,000

16 Events after the Reporting Period

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

17 Taxation

All the interest earned is transferred to the sponsor (Kenya School of Government) where taxes are charged thereon.

18 Currency

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