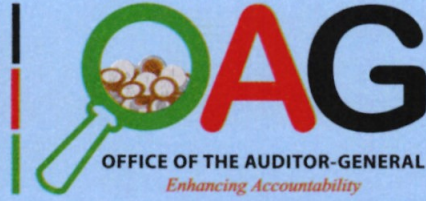
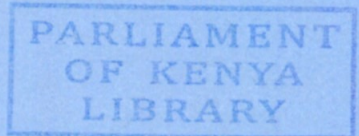


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
MALINDI CONSTITUENCY**

FOR THE YEAR ENDED

30 JUNE, 2025

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 18 FEB 2026

DAY.

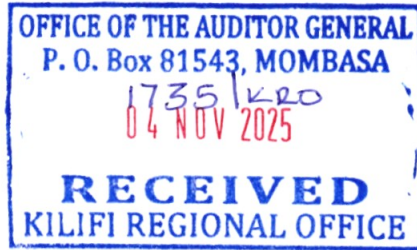
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**TABLED
BY:**

**MAJORITY PART WHIP
HON. SILVANO OJORO**

**CLERK-AT
THE-TABLE:**

OBIERO



Revised 30th June 2025



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

MALINDI CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

Transitional IPSAS Financial Statements /Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

A. Acronyms

AIE	Authority to Incur Expenditure
AC	Audit Committee
DCC	Deputy County Commissioner
IPSAS	International Public Sector Accounting Standards.
FAM	Fund Account Manager
NG-CDFB	National Government Constituencies Development Fund Board
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituency Development Fund Committee
NSCA	National Sub-County Accountant
PFM	Public Finance Management
PMCs	Project Management Committees
PWD	Persons with Disability
Y	Financial Year

Definition of Key Terms

Primary Management- Members of Management directly entrusted with the responsibility of managing the financial resources of the entity.

Comparative Year- Means the prior period.

Functions of NG-CDF Committee

The functions of the NG-CDF Committee are outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The NGCDF MALINDI Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	AIE holder	Johnson Gitau Karanja
2.	National Sub-County Accountant	Elijah Atambo
3.	Chairman NGCDFC	Sammy Kazungu Kaingu
4.	Member NGCDFC	Elijah Odhiambo Ochoo
5.	Member NG CDFC	Ibrahim Rashid Rocha

(c) Fiduciary Oversight Arrangements

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF Malindi Constituency. The reports and recommendations of the Audit Committee, when adopted by the NGCDF Board, are forwarded to the Constituency Committee for action. The Board forwards any matters that require policy guidance to the Cabinet Secretary and National Assembly Select Committee.

(d) NGCDF Malindi Constituency Headquarters

Opp.DCC's office besides MAWASCO and KPLC office
Malindi, KENYA.

(e) NGCDF Malindi Constituency Contacts

P.O. Box 244-80200
E-mail: cdfmalindi@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) NGCDF Malindi Constituency Bankers

Family Bank Ltd
Malindi Branch
P.O. Box Malindi
(Operations Account)

Family Bank Ltd
Malindi Branch
P.O. Box Malindi
(Deposit Account)

Family bank Ltd
Malindi Branch
P.O. Box Malindi
(various pmc accounts)




(g) Independent Auditor

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

(h) Principal Legal Adviser

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

3. NGCDF Committee

Name	Details
	<p>Mr. Sammy Kaingu Kazungu Male adult representative, second term NG-CDF Committee chairperson Date of birth 13.9.196 Education Background: Degree; Bachelor of education Work Experience-Retired school Principal.</p>
	<p>Mr. Elijah Odhiambo Ochoo Representative PLWDs, second term NG-CDF Committee secretary Date of Birth: 11 November 1992. Education: Bachelor of science Diploma in information technology. Work experience Former deputy principal, teacher of Mathematics, Chemistry and Physics.</p>
	<p>Mr. Ibrahim Rashid Rocha Male adult representative, second term NG-CDF Committee member Date of Birth: 02/04/1979 Education: KCSE Economic Activities: Business</p>

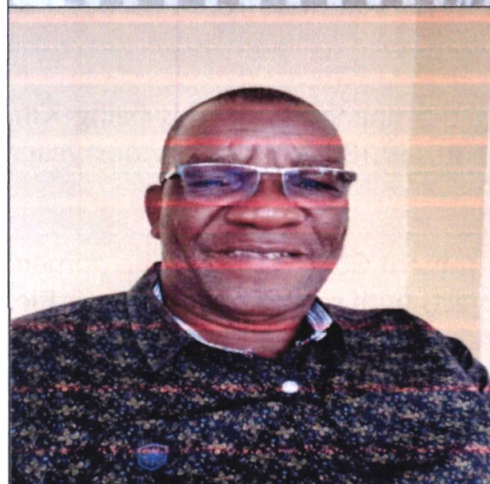
National Government Constituencies Development Fund (NGCDF)
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	<p>Mrs. Beatrice Sidi Kahindi NG-CDF Committee Member, second term Female adult representative Date of birth: 1975. Education: KCSE Working experience: 11 yrs community worker and 3 yrs NG-CDF committee member Malindi constituency:</p>
	<p>Mrs. Irene Bomu David NG-CDF Committee Member, second term Female adult representative Date of birth: 02/01/1961 Education: Diploma in Education, retired principal and teacher.</p>
	<p>Mrs. Charity Sanita Katana NG-CDF Committee Member, second term Female youth representative Date of birth: 16/6/1996 Education: KCSE Certificate in housekeeping.</p>

National Government Constituencies Development Fund (NGCDF)
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Annual Report and Financial Statements for The Year Ended June 30, 2025



Name: Mr. Emmanuel Ziro Wanje
NG-CDF Committee Member
Male youth representative; second term
Education: KCSE
Profession: Businessperson



Name: Mr. Francis Katana Kalume
NG-CDF Committee co-opted Member, second term
Date of birth: 08/04/1971
Education: Bachelor's degree in theology (B.Th.),
Certificate in Governance and Leadership.
Professional: Pastor: Christ The King Baptist Church

4. NG-CDFC Chairman's Report

On behalf of Malindi NG-CDF Committee, I present the financial report for the period ending June 30, 2025. Malindi is one of seven constituencies in Kilifi County, coded 016 in the IEBC index, and borders Kilifi North, Ganze, Magarini, and Tsavo East National Park.

The constituency covers a total area of 672.20 square kilometre. Out of this total of 627.2 km², 88% or 546.90 km² is occupied by two rural wards, Jilore ward and Kakuyuni ward. The area covered by the two rural wards is classified as ASAL (arid and semi – arid lands). Sabaki River passes through these two wards as it enters the Indian Ocean.

Summary of the budget performance.

During the year, the Constituency was allocated a total of Ksh. 179,441,954 as normal allocation, Ksh. 73,043,010 as balance from financial year 2023-2024 and Ks. 59,182,393 as previous years' outstanding disbursements.

Ksh. **196,182,393.00** was received from the board during the financial year this being Ksh. 137,000,000 for the financial year 2024/25 budget and Ksh. 59,182,393 as previous years' outstanding disbursements.

On receipt of the above allocations, Malindi National Government Constituency Development Fund Committee (NGCDFC) allocated funds to various projects with reference to the priorities of the public participation meetings held across the constituency and disbursed at total Ksh. **147,375,722.**

The Committee disbursed a total of Ksh. 30,000,000 as bursary to needy students in secondary schools, Ksh. 17,697,660 for needy students in tertiary institutions this consisted of students in universities and technical institutions during the financial year.

To ensure focus and expedite development, the committee is guided by its Strategic Plan 2022-2027, this is a formalized road map that spells out where the Constituency is going through project identification, implementation and management taking cognizance of the Bottom- Up Economic Transformation Agenda, the Big Four Agenda, Global Sustainable Development Goals, Kenya Vision 2030, Medium term plan and County Integrated Development Plan. The NGCDF Committee is convinced that the strategic plan is guiding the constituency in setting its priorities, focusing energy and resources, strengthening operations and ensuring that the committee, its employees and other stakeholders are working towards a common goal and results. The committee intends to have the midterm review of the strategic plan to monitor ascertain progress of implementation.

Key achievements for the entity

A major milestone in the financial year was a visit by the National Government Constituency Development Fund Board of directors in December 2024. The visit aimed at strengthening

management between the Board and the committee. Planning and budgeting for two key institutions: Establishing the Huduma Centre Malindi, including construction of a one-storey Huduma Jitume Centre with a digital hub (co-funded with Huduma Kenya secretariat), The project aims to expand and improve access to key Government services by providing a centralized "one-stop shop" from which a wide variety of Governmental services can be accessed and a constituency digital hub. Setting up the Kenya Medical Training College, Malindi campus is another milestone, the committee intends to give additional funding to these two key projects to complete them in good time.

The committee list of key projects in terms of high impact and best practice in the financial year 2024/25;

1. Shomani Girls Secondary School-Completion of an administration block with ceramic floor finish. Comprising of 20 teachers' staffroom, principal's office, deputy principal's office, 2 Head of Departments offices, bursar/accounts office, school secretary office, registry, kitchenette, an exam room and 3 door modern toilets (one for persons living with disability, one for ladies and one for men) and water supply and drainage system. (Plastering, finishes, internal doors, windowpanes, fixing of toilets, kitchenette, painting and branding)
2. Jilore secondary school-Completion of a 96-capacity boys' dormitory with an ablution block with associated drainage works and water supply. A ceramic floor finish, 2 emergency exits and 8 fans for air circulation. This will contain 8 cubicles, each cubicle will have 6 double-decker beds to accommodate 12 students. Finishes, floor finish, fixing of doors and windows, electrical, mechanical and drainage works)
3. Bishop Baldacchino secondary school-Completion of a 45-student capacity laboratory
4. (Finishes, floor finishes, fixing of doors and windows, plaster, electrical, mechanical and drainage works)
5. Malindi High School-Phase II funding; Completion of 300 capacity dining hall. (Walling and second beam, roofing, Finishes, floor finish, fixing of doors and windows, plaster, electrical, mechanical and drainage works)
6. Establishment of Huduma centre Malindi-Construction of one storey Huduma Jitume centre with a digital hub. Co-funding with Huduma Kenya. Project cost 50million. Huduma Kenya Funding 23M, NGCDF funding 27M to be funded in 2 financial years.
7. Establishment of KMTTC Malindi campus-Construction to completion of two classrooms with ceramic tile finish, installation of fans and ceiling and purchase supply of 120 lecture hall chairs

Challenges

On project implementation, the challenges entailed inadequate record keeping by project management committees, failure by some project management committees to comply with the public procurement procedures and regulations as well as delayed submission of the required returns for funds disbursed.

Another notable challenge is the limited numbers of technical officers needed to provide the requisite technical advice in project implementation and management.

National Government Constituencies Development Fund (NGCDF)
MALINDI Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

To mitigate the above, the committee during the financial year scaled up its capacity building programmes for NGCDF Committee, Project Management Committees and staff on various aspects of the Fund’s projects management. These programmes contributed to minimizing the challenges and improving overall performance by Project Management Committees. The NG-CDFC plans to continue with the capacity building as well as monitoring and evaluation programmes during the fiscal year 2024/2025.

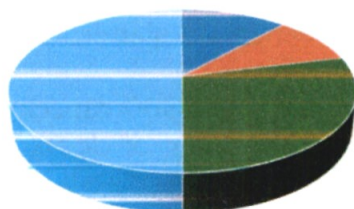
I wish to sincerely thank the NGCDF Board, the NGCDF Committee, NG-CDFC staff, Project Management Committees and other stakeholders for the cooperation and support that saw the achievement of the above milestones. Going forward, the Committee envisions to even perform better and attain better assessments in its performance targets for fiscal year 2024/2025.

Program budget.

The final budget for the year, which consists of all the funds available for use, was Kshs. 311,667,357. This amount is made up of the following:

Item	Amount
Amount B/F (cash book balance)	73,043,010
Previous years Undisbursed funds received during the year.	59,182,393
Allocation for the year.	179,441,954
Totals	311,667,357

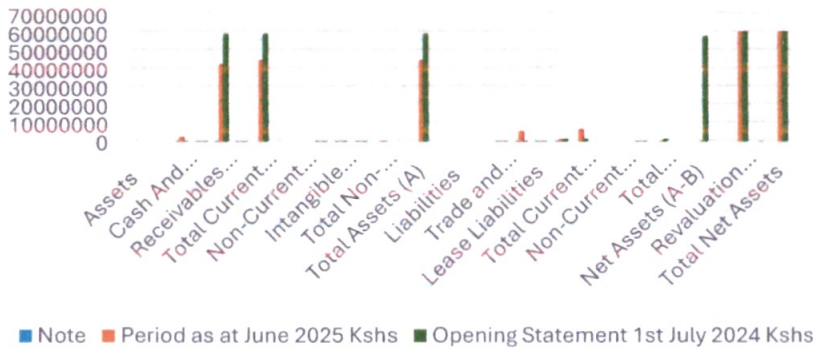
Program budget 2024-2025



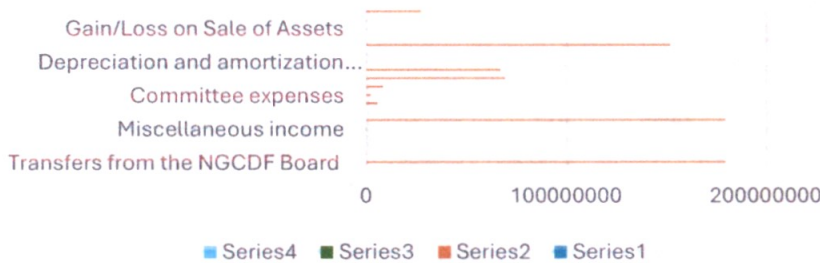
- Amount B/F (cash book balance)
- Previous years Undisbursed funds received during the year.
- Allocation for the year.
- Totals

National Government Constituencies Development Fund (NGCDF)
MALINDI Constituency
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Chart Statement Of Financial Position As At June,2025



Statement of Financial Performance for the period ended 30 June,2025



Pictorial presentation of projects



National Government Constituencies Development Fund (NGCDF)
MALINDI Constituency
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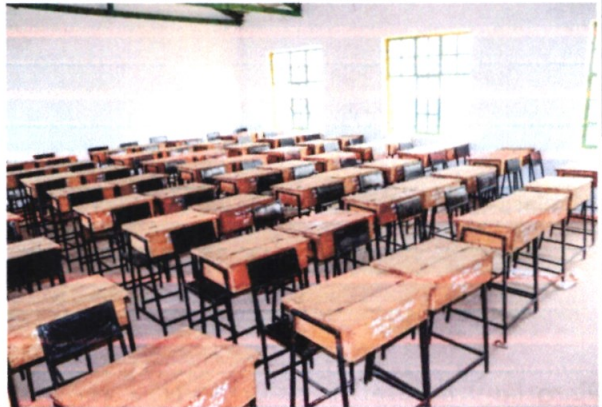
Layout of Malindi Huduma Jitume centre as exhibited during launch



JSS classrooms at HGM primary school



Lockers and chairs at the JSS classrooms



Ganda secondary school lab



Visit by NG-CDF Board to Barani chiefs offices/PMC





Sammy Kazungu
Chairman NGCDF Committee

5. Statement Of Performance Against Predetermined Objectives for FY2024/25

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer, when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity’s performance against predetermined objectives.

The key development objectives of the **NGCDF Malindi Constituency 2023-2028** plan are to:

- To have all children of school going age attending school
- To provide infrastructure to ease the process of administering justice, law and order at local level
- To promote sustainable utilisation of natural resources
- To enhance socio - economic empowerment of the youth
- To nurture sporting and artistic talents among the youth
- To improve infrastructure to reduce unforeseen occurrences

Progress on the attainment of Strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. Below, we provide the progress on attaining the stated objectives:

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved	Number of usable physical infrastructure constructed in	In FY 2024/25 We increased number of school infrastructure by:

National Government Constituencies Development Fund (NGCDF)
MALINDI Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

		transition to secondary schools and tertiary institutions	primary, secondary, and tertiary institutions Number of bursary's beneficiaries at all levels	16 new classrooms (Karima, airport, HGM, Sosoni, Mambo sasa, Mkaomoto, Kavunyalalo, kasimbiji primary schoolos) 3 new laboratories at Maziwani, Mkondoni and Bishop Baldacchino secondary schools One administration block at Shomani girls secondary school - Bursary beneficiaries at all levels were as per the attached schedules a total number of 8,000 beneficiaries
Security	To improve security in residential and commercial areas To provide infrastructure to ease the process of administering justice, law and order at local level	Safe and secure environment Growth and sustainability of economic activities of administering justice, law and order	Number of usable physical infrastructure in police stations/posts, chief's/assistant chief's offices and streetlights	In FY 2024/25; We finalised the construction of two chiefs' offices Barani and Makobeni chief's offices We further initiated construction of Kijiwetanga police post, this increased the security installation from 25 - 28
Climate Change	To promote sustainable utilization of natural resources To enhance socio economic empowerment of the youth	An increased forest cover Sustainable socio Economic development	An increased forest cover Improved climate	In FY 2024/25, We increased tree coverage by planting total of 14,000 assorted tree seedlings in 14 learning institutions across the constituency.

National Government Constituencies Development Fund (NGCDF)
MALINDI Constituency
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Emergency	<ul style="list-style-type: none"> - To improve infrastructure to reduce unforeseen occurrences 	<ul style="list-style-type: none"> - Improve sanitation and hygiene in schools - Improve learning environment 	<ul style="list-style-type: none"> - Increased number of usable infrastructure both in schools and security stations 	<p>In FY 2024/25, We increased the number of usable toilets with a block of 12 door toilets at kavunyalalo primary school.</p>
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6. Governance Statement

Appointments of members of NG-CDF Committee

The tenure of the NGCDF Committee is two (2) years. Which is renewable.

The appointment process for members of the NGCDFC starts with the formation of a selection panel consisting of:

- One person nominated by the national government official responsible for the sub-county or their designated representative, who will serve as chairperson of the selection panel;
- The officer of the Board assigned to the constituency, acting as secretary to the selection panel; and
- Two individuals of either gender nominated by the constituency office.

The Fund Account Manager is required to:

- Contact the DCC in writing to request nomination of an appropriate officer to participate in and chair the NGCDFC selection panel;
- Write to the constituency office requesting submission of two nominees (one of each gender) for the NGCDFC selection panel. These nominations must be submitted in writing.

The selection panel will adhere to the NG-CDF Regulations of 2016 and shall:

- Regarding the PLWD nominee, writes to a registered group representing persons living with disabilities within the constituency to request the nomination of one individual with a disability for the NGCDF committee. The nominating organization must provide a detailed description of the nominee's disability to facilitate necessary support if the nominee is selected.
- The panel invites applications from interested groups and qualified members of the public for appointments to the constituency committee. This invitation must be widely publicized to reach all wards within the constituency.

Eligibility criteria for selection as a member of the National Government Constituency Development Fund Committee are as follows, per Regulation 6 of the NGCDF Regulations:

- Must be a Kenyan citizen;
- Must ordinarily reside in and be a voter within the constituency;
- Must be able to read and write and communicate in English and Kiswahili;
- Must meet the requirements of Chapter Six of the Constitution;
- Must be available to participate in committee activities.

Nominees cannot be serving public officers or civil servants in any capacity. The selection panel will review applications and select six suitable individuals, considering age, gender, special interest groups, and regional balance, within fourteen days of the advertisement date.

NG-CDF Malindi constituency committee was Gazetted via The Kenya Gazette Vol. CXXVII—No. 98 NAIROBI, of 21st May, 2025 for a period of two years. The committee was trained in June 2025 in Mombasa to enable them play their role in management of the fund.

Removal of NGCDFC Members

Section 43 (13) (a), (b), (c), (d), (e), (f) and (g) provides the manner in which a member of the Constituency Committee may be removed from office, Section 44 of the Act elaborates the manner a Constituency Committee shall be dissolved, Regulation 10 lists the procedure for removal of a Constituency Committee Member and Regulation 5 (2) describes circumstance in which a vacancy may occur in the constituency committee.

Convening of Constituency Meetings

Section 43 (6) state that, "The first meeting of the Constituency Committee shall be convened within one hundred and twenty days of the commencement of a new term of Parliament or the date of the holding of a by-election, by the national government official at the constituency or in his or her absence, by an officer of the Board seconded to the constituency."

The quorum of the NGCDF committee meeting is half the membership. Any conflict of interest should be noted in the minutes of the Committee meeting and forms part of the agenda items for meeting.

After appointment of members of the NG- CDF Committee through publication in the Kenya Gazette, and within 120 days of the commencement of the thirteenth parliament, the Deputy County Commissioner (or in his/her absence) the Fund Account Manager shall convene the first meeting of the NG- CDF Committee, during which the members will elect the Chairperson and the Secretary. The Officer of the Board will then submit to the Board the names of the elected Chairperson and Secretary, attaching a certified copies of academic certificates for the highest level of education attained and the minutes of the NG- CDF Committee that approved the appointment.

In the FY 2024-2025, the committee had twelve (12) sittings across the financial year. The remuneration for the committee is as stipulated; Ksh. 7,000 for the chairperson and Ksh. 5,000 for the rest of the members per sitting.

Tenure of the Constituency Committee

As per the provision of Section 43 (8) and (9) of the NG- CDF Act, the tenure of the members of NG- CDF Committee shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act and regulations, while the Fund Account Manager remain the custodian of all the records and equipment of the constituency. As per Regulation 24 of the Act, once the new committee members have been appointed, the Fund Account Manager

in liaison with the Deputy County Commissioner, shall facilitate smooth handover between the outgoing and the newly gazetted NG- CDF Committee members. To facilitate this, the Fund Account Manager prepares a comprehensive handover report on behalf of the outgoing committee.

Functions and Operations of the Constituency Committee

Regulation 11 of NG- CDF Act outlines the functions of the Constituency Committee. Implementation of projects through the Projects Management Committees at the community level is one of the mandates. In addition, effective and efficient project management is cardinal achievement of the Fund's objective of poverty reduction while ensuring equitable development across the Constituency. In order to achieve this objective, the Fund Account Manager through the Board, continuously trains the NG- CDF Committee, the staff and the technical officers from relevant government departments on various projects management, pertinent issues to enable them facilitate Project management Committees. Regulation 11 (1) (a) is the function of the Constituency Committee to build capacity of the Project Management Committees and sensitize the community on the operations of the Fund.

Management of Transition and Handing over

Pursuant to Section 43 (8) and (9) of the NG- CDF Act 2025 as amended in 2023, the tenure of the members of NG-CDFCs shall expire upon the appointment of a new Constituency Committee in the manner provided in the Act and Regulations, while the Officer of the Board shall remain the custodian of all the records and equipment of the Constituency. Therefore, the officer of the Board shall play an important role of ensuring the assets of the constituency are protected and preserved, and ensure smooth transition between the committees.

Upon appointment of the new committee, the officer of the Board in liaison with the Deputy County Commissioner, shall facilitate smooth handover between the outgoing and the newly gazetted NG-CDF members. To facilitate this, the Officers of the Board are required to prepare a comprehensive handover report on behalf of the outgoing committee. The handover report must be signed by the Chairpersons (or a member acting in such capacity), secretary (or a member acting in such capacity) and witnessed by the Officer of the Board.

7. Management Discussion and Analysis

(Two-to- three pages)

Establishment and Management of the Fund

Section 4 of the Act state that: There is established a fund to be known as the National Government Constituencies Development Fund which shall—(a) Be a National Government Fund consisting of monies of an amount of not less than 2.5% (two and half per centum) of all the national government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution;

The Fund Account Manager shall hold the authority to incur expenditure of the funds at the constituency account. Further, projects under this Act shall only be in respect of works and services falling within the exclusive functions of the national government as provided in the Constitution. However, the administration of the fund is done through the Constituency Committee.

Malindi NG- CDF Constituency, pursuant to Section 34 of the Act, was allocated Kshs. 508,569,100 between FY 2022/2023 and 2024/2025:

A major milestone in the financial year was a visit by the National Government Constituency Development Fund Board of directors in December 2024. The visit aimed at strengthening management between the Board and the committee. Planning and budgeting for two key institutions: Establishing the Huduma Centre Malindi, including construction of a one-storey Huduma Jitume Centre with a digital hub (co-funded with Huduma Kenya secretariat), The project aims to expand and improve access to key Government services by providing a centralized "one-stop shop" from which a wide variety of Governmental services can be accessed and a constituency digital hub. Setting up the Kenya Medical Training College, Malindi campus is another milestone, the committee intends to give additional funding to these two key projects to complete them in good time.

The committee list of key projects in terms of high impact and best practice in the financial year 2024/25;

1. Shomani Girls Secondary School-Completion of an administration block with ceramic floor finish. Comprising of 20 teachers' staffroom, principal's office, deputy principal's office, 2 Head of Departments offices, bursar/accounts office, school secretary office, registry, kitchenette, an exam room and 3 door modern toilets (one for persons living with disability, one for ladies and one for men) and water supply and drainage system. (Plastering, finishes, internal doors, windowpanes, fixing of toilets, kitchenette, painting and branding)

2. Jilore secondary school-Completion of a 96-capacity boys' dormitory with an ablution block with associated drainage works and water supply. A ceramic floor finish, 2 emergency exits and 8 fans for air circulation. This will contain 8 cubicles, each cubicle will have 6 double-decker beds to accommodate 12 students. Finishes, floor finish, fixing of doors and windows, electrical, mechanical and drainage works)
3. Bishop Baldacchino secondary school-Completion of a 45-student capacity laboratory (Finishes, floor finishes, fixing of doors and windows, plaster, electrical, mechanical and drainage works)
4. Malindi High School-Phase II funding; Completion of 300 capacity dining hall. (Walling and second beam, roofing, Finishes, floor finish, fixing of doors and windows, plaster, electrical, mechanical and drainage works)
5. Establishment of Huduma centre Malindi-Construction of one storey Huduma Jitume centre with a digital hub. Co-funding with Huduma Kenya. Project cost 50million. Huduma Kenya Funding 23M, NGCDF funding 27M to be funded in 2 financial years.
6. Establishment of KMTC Malindi campus-Construction to completion of two classrooms with ceramic tile finish, installation of fans and ceiling and purchase supply of 120 lecture hall chairs

Challenges

On project implementation, the challenges entailed inadequate record keeping by project management committees, failure by some project management committees to comply with the public procurement procedures and regulations as well as delayed submission of the required returns for funds disbursed.

.....
Name **JOHNSON KARANDA**
Fund Account Manager



8. Environmental and Sustainability Reporting

Malindi Ng-Cdf as enlisted in its five-year strategic plan, discharges the core mandate of the National Government functions. The core mandate of the fund is to alleviate poverty at the grassroots level through infrastructural development in the Education and the Security sector. The fund also addresses Environmental issues by taking part in climate change mitigation activities.

1. Sustainability strategy and profile -

To ensure the sustainability of Malindi Constituency, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Malindi Constituency's focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers, thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups, including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars, Malindi NGCDF has security as a priority area with the intention to provide a better working environment for the security providers within the constituency as well as a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for law enforcement agencies while collaborating with the community in trust on matters of security.
- c. **Climate change mitigation:** The Constituency acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, the Malindi NG-CDF has allocated part of its budget to climate change mitigation activities such as afforestation, reforestation, grassroots sensitization, and tree seedling production.

2. Environmental performance

Section 25(10) of the NG-CDF Act 2015 as amended in 2023, defines climate change mitigation activities as afforestation, reforestation, grassroots sensitization, and tree seedling production. The program has funding not exceeding 5% of the total allocation to the constituency in each financial year.

The Board is working on Climate Change Mitigation guidelines to further guide the implementation and reporting. Highlighted activities implemented in climate change covers; afforestation, reforestation, grassroots sensitization, renewable energy and tree seedling production. The program is to be implemented through national government institutions- learning institutions and national government installation.

In the financial year 2023-2024, Malindi NG-CDF planned climate change mitigation activities to be afforestation; supply and planting of tree seedlings to selected learning institutions across the constituency.

The Kenya forest service through Arabuko forest station assisted in identifying species that would uniquely do well in the different geographical conditions of the constituency as we move forward towards attaining the 2.5 billion trees target.

It is our collective responsibility to leave behind a planet that is habitable for future generations. The public sector has a key role to play in bringing their expertise to the table and investing in natural climate solutions, such as restoration and afforestation. It is encouraging to see more people move towards net-zero, nature-positive business models.

Challenges:

1. **Inadequate Guidance on Implementation:** There is a lack of clear guidance on how to implement climate change activities
2. **Lack of Policy and Ambiguity in Law:** The absence of a comprehensive policy on the use of these funds, coupled with ambiguous legal provisions, creates confusion and inconsistency
3. **Advice from NGCDF Board:** The National Government Constituencies Development Fund (NGCDF) Board has provided advice on these issues, but it appears that more consistent and clear guidance is needed 4.

These points highlight the need for better policies, clearer legal frameworks, and more consistent advice to ensure environment activities are implemented effectively and appropriately.

3. Employee welfare

We invest in providing the best working environment for our employees. Malindi constituency recruitment is guided by Employment Act, NGCDF Act, and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers

equal opportunity to all while adhering to the one-third gender rule and special groups. We also Recognize and appreciate our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance coverage through a reliable insurance Scheme. Employees are encouraged and supported to build on their skills and knowledge continually. Malindi constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

The committee has a safety policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA) and has ensured the work environment is conducive to everybody's movement and accessibility within the office, including PWDs. The Constituency has also put in place disaster-mitigating measures, including fire extinguishers and accessible escape routes in case of emergency.

4. Marketplace practices-

Malindi Constituency is committed to fair and ethical market practices.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency to lift them economically. Our ethical market practices ensure the fund gets value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers, which are enhanced through organized sensitization forums on the procurement legal framework and ethical subject matters. We are dedicated to honoring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption.

- b) Good business practices, including cordial Supply chain and supplier relations, by honoring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests.

5. Community Engagements-

Malindi Constituency has endeavored to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through community projects.

Public Participation in Project Identification, Implementation, and Monitoring

Malindi Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long-term, was submitted to the NGCDF Board in accordance with the Act.


Public participation is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

The NG-CDFC engaged the community through community leaders during the bursary program to identify the needy students to be awarded the bursary.

Public Awareness

This includes mechanisms for participation and cooperation with local, regional, and national agencies, as well as for conducting community-based needs assessments, public awareness campaigns, and community meetings.

Malindi Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.

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Name **JOHNSON KARANDA**
Fund Account Manager.

9. Statement Of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-Malindi Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; 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; Safeguarding the assets of the entity; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Malindi Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Malindi Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

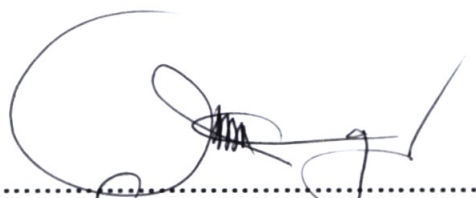
**National Government Constituencies Development Fund (NGCDF)
MALINDI Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025**

The Accounting Officer in charge of the NGCDF Malindi Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee 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 NGCDF- Malindi Constituency financial statements were approved and signed by the Accounting Officer on 4/11/2025 2025.



Name: Amy K. Karuga
Chairman – NGCDF Committee



Name: Johnson Karuga
Fund Account Manager



REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - MALINDI CONSTITUENCY 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.

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 transitional IPSAS financial statements of National Government Constituencies Development Fund - Malindi Constituency set out on pages 1 to 67, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Malindi Constituency 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 including the transitional provisions permitted under IPSAS 33, as discussed in Note 2 to the financial statements and comply with the National Government Constituencies Development Fund Act, 2015 (Amended 2022) and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No. 3 of 14 April, 2025..

Basis for Qualified Opinion

1. Unsupported Expenditure on Climate Change Projects

The statement of financial performance reflects expenditure on other grants and transfers totalling to Kshs.66,962,219 as disclosed in Note 14 to the financial statements. Included in this expenditure is Kshs.3,851,466 in respect of climate change mitigation projects out of which Kshs.3,325,874 was paid to a local company for supply, delivery and planting of fourteen thousand (14,000) tree seedlings to fourteen (14) selected learning institutions with each receiving one thousand (1,000) seedlings. However, the minutes of meetings of public participation forums, an environmental impact assessment and register and work plans showing how it intended to carry out climate change programs were not provided. The user requisition, local purchase order and delivery notes did not indicate the type of tree seedlings that were supplied and distributed to the institutions. In addition, delivery notes for seven (7) institutions did not disclose the quantity of tree seedlings received.

Further, physical verification of tree planting exercise in Airport Primary School, Arabuko Primary School, Jilore Primary School and Mwongotini Secondary School revealed that the trees planted under the programme could not be identified as the trees had not been labelled. In addition, the PMC did not provide monitoring and evaluation reports to confirm the extent of success of the tree planting exercise.

In the circumstances, the accuracy and completeness of expenditure on climate change projects totalling to Kshs.3,325,874 could not be confirmed.

2. Unsupported Expenditure on Emergency Projects

The statement of financial performance reflects expenditure on other grants and transfers totalling to Kshs.66,962,219 as disclosed in Note 14 to the financial statements. Included in this expenditure is Kshs.6,776,728 in respect of emergency

projects undertaken in four (4) Primary Schools. Review of records revealed that the projects related to construction of toilets in one (1) School and an access road in another, at a total cost of Kshs.6,296,034 for which administration cost was Kshs.180,694. However, administration costs for the two (2) other projects which, were not identified, was Kshs.300,000. In addition, the details of the emergencies occasioning and justifying the expenditure, procurement records and other payment records for this expenditure was not provided for verification.

In the circumstances, the accuracy and completeness of expenditure on emergency projects totalling to Kshs.6,776,728 could not be confirmed.

3. Inaccurate Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total final expenditure budget of Kshs.311,667,358. However, the recalculated amount is Kshs.318,144,490 resulting to unexplained variance of Kshs.6,477,132. In addition, the total budget utilization difference reflects a balance of Kshs.164,291,636 against the recalculated total amount of Kshs.170,768,768 resulting to unexplained variance of Kshs.6,477,132.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Malindi Constituency 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.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. 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	Unsupported other receipts
2.	2023/2024	Unsupported payments

No.	Financial Year	Audit Issue
3.	2023/2024	Unsupported Payments on Sports Activities
4.	2023/2024	Non-Operational of Constituency ICT Hub

Other Information

The Management is responsible for the Other Information set out on page iii to xxviii which comprise of Key Constituency Information and Management, NGCDF Committee, NGCDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Expenditure on Bursary

The statement of financial performance reflects expenditure on other grants and transfers totalling to Kshs.66,962,219 as disclosed in Note 14 to the financial statements. The expenditure includes an amount of Kshs.47,697,660 in respect of bursary out of which Kshs.30,600,000 was towards beneficiaries in Secondary Schools while Kshs.17,097,660 was for beneficiaries in Tertiary Institutions. However, review of supporting schedules revealed that Kshs.2,330,000 was paid for beneficiaries in Secondary Schools who had duplicate admission numbers. In addition, an amount of Kshs.20,000 was disbursed to five (5) students who lacked admission

numbers. The accountability for bursary payments as provided for by the NGCDF Board was not done.

Further, the bursaries were allocated to students at rates ranging from Kshs.2,000 per student to Kshs.8,000 per student with some students receiving bursaries more than once. However, the criteria used to determine the bursary allocation to students was not provided. This is contrary to NGCDF Board guideline for administration of education bursary schemes, mock examinations and continuous assessment tests No.NG-CDF/CEO/BOARD CIRCULARS VOL II (020) dated 18 June, 2020 which provides that the NGCDF committee shall put in place a system for identifying beneficiaries of education bursary that embraces community participation, openness, transparency and inclusivity.

In the circumstances, Management was in breach of the law.

2. Inaccurate Fixed Assets Register

Review of the asset register revealed that it had not been updated to include historical cost balances of asset items. It was also noted that the register had not been updated to include a parcel of land on which the constituency office is located and the parcel of land also did not have a title deed. This was contrary Section 72 (1) (a) (b) of the Public Finance Management Act, 2012 which states that the Accounting Officer for a National Government entity shall be responsible for the management of the entity's assets and liabilities; and manage those assets in a way which ensures that the National Government entity achieves value for money in acquiring, using and disposing of those assets. In addition, Regulation 143 (1) of the Public Finance Management (National Government) Regulations, 2015, states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's, ability to 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

03 November, 2025

National Government Constituencies Development Fund (NGCDF)
Malindi Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

11. Statement of Financial Performance for the Year Ended 30th June 2025

	Note	Insert Current FY
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	179,441,954
Transfers from domestic and foreign partners	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	-
Total revenue		179,441,954
Expenses		
Employee costs	10	5,459,360
Committee expenses	11	2,128,000
Use of Goods and Services	12	8,244,975
Other Government Units Certified Works	13	69,203,799
Other Grants and Transfers	14	66,962,219
Depreciation and amortization expense	15	-
Digital Hubs Expenses Actual expenditure	16	-
Total expenses		151,998,353
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		27,443,602

The Constituency financial statements were approved by the NGCDFC on 4/11/2025 and signed by:

Chairman NG-CDF
Committee

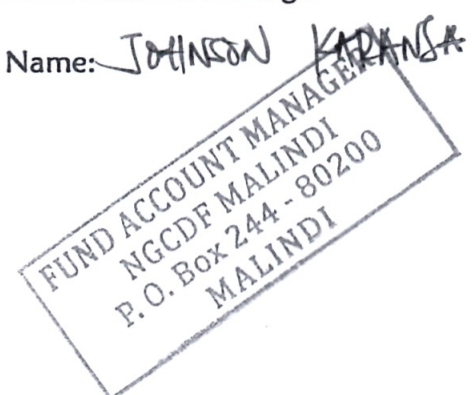
Name: Ammy K. KAINJI

National Sub-County
Accountant

Name: ELIJAH ATAMB
ICPAK M/No: 24095

Fund Account Manager

Name: JOHANSON KADANGA



National Government Constituencies Development Fund (NGCDF)
Malindi Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

12. Statement Of Financial Position As At 30th June, 2025

	Note	30t June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	121,849,681.08	73,043,010.16
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	42,441,954.47	59,182,393.00
Prepayments	22	-	-
Total Current Assets		164,291,635.55	132,225,403.16
Non-Current Assets			
Property, Plant and Equipment	23	-	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		-	-
Total Assets (A)		164,291,635.55	132,225,403.16
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third Party Deposits	27	3,592,190.71	-
Lease Liabilities	28	-	-
Gratuity Provision	29	2,277,136.00	1,246,696.00
Total Current Liabilities		5,869,326.71	1,246,696.00
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		5,869,326.71	1,246,696.00
Net Assets (A-B)		158,422,308.84	130,978,707.16
Represented by:			
Revaluation Reserves		-	-

National Government Constituencies Development Fund (NGCDF)
Malindi Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

Accumulated Surplus		158,422,308.84	130,978,707.16
Total Net Assets		158,422,308.84	130,978,707.16

The Constituency financial statements set out on pages 4 to 20 approved by NG CDFC on 4/11/2025 and signed by:

4/11/



Chairman NG-CDF
 Committee
 Name: Sammy K. KANZI



National Sub-County
 Accountant
 Name: ELIJAH ATAMBO
 ICPAK M/No: 24095



Fund Account Manager
 Name: JOHNSON KARANA

FUND ACCOUNT MANAGER
NGCDF MALINDI
P. O. Box 244 - 80200
MALINDI

National Government Constituencies Development Fund (NGCDF)
Malindi Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 th June 2024	-	71,969,425	71,969,425
Adjustments			
Recognition of Assets	-	60,255,978	60,255,978
Recognition of Liabilities	-	1,246,696	1,246,696
As at July 1, 2024	-	130,978,707	130,978,707
Surplus/(Deficit) For the Period	-	27,443,602	27,443,602
Revaluation Gain/Loss	-	-	-
As at June 30, 2025 (current year)	-	158,422,309	158,422,309

National Government Constituencies Development Fund (NGCDF)
Malindi Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

14. Statement Of Cash Flows for The Year Ended 30th June 2025

	Notes	Insert Current FY
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		196,182,393
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
Total Receipts		196,182,393
Payments		
Employee costs		4,428,920
Committee expenses		2,128,000
Use of Goods and Services		8,244,975
Other Government Units Certified Works		66,117,917
Other Grants and Transfers		66,455,910
Digital Hubs Expenses		-
Total Payments		147,375,722
Net Cash Flows from/ (used in) Operating Activities	30	48,806,671
Cash flows From Investing Activities		-
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		-
Net increase/(decrease) in cash & Cash equivalents		48,806,671
Cash Flows from Financing Activities		
Lease Payment		-

National Government Constituencies Development Fund (NGCDF)
Malindi Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

Net Cash Flows from Financing Activities		48,806,671
Cash and cash equivalents at 1 July	19	73,043,010
Cash and cash equivalents at 30 June	19	121,849,681

National Government Constituencies Development Fund (NGCDF)
Malindi Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

15. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	<i>Insert current FY</i>	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>Insert current FY</i>	<i>Insert current FY</i>		
Revenue							
Transfers From the NGCDF Board	179,441,954	73,043,010	59,182,393	311,667,358	269,225,403	42,441,954	86.4%
Transfers from domestic and foreign partners	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	179,441,954	73,043,010	59,182,393	311,667,358	269,225,403	42,441,954	86.4%
Expenses							
Employee costs	5,776,800	1,933,987	-	7,710,787	4,428,920	3,281,867	57.4%
Committee expenses	2,128,000	-	-	2,128,000	2,128,000	-	100.0%
Use of Goods and Services	8,244,975	718	-	8,245,693	8,244,975	718	100.0%

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	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	<i>Insert current FY</i>	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>Insert current FY</i>	<i>Insert current FY</i>		
Other Government Units Certified Works	51,347,866	50,494,109	59,182,393	161,024,368	66,117,917	94,906,451	41.1%
Other Grants and Transfers	85,794,313	18,666,813	-	104,461,126	66,455,910	38,005,216	63.6%
Digital Hubs Expenses	13,500,000	12,522	-	13,512,522	-	13,512,522	0.0%
Funds Pending Approval**	19,127,132	1,9348,62	-	21,061,994	-	21,061,994	0.0%
Total Expenditure	179,441,954	73,043,010	59,182,393	311,667,358	147,375,722	164,291,636	47.3%
Surplus for the period							

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Explanatory Notes.

Significant underutilization was due to late disbursement of funds from the Board.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	164,291,636
Less undisbursed funds receivable from the Board as at 30 th June 2025	42,441,954
Cash and Cash Equivalents at the end of the 30 th June 2025	121,849,681

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.
 The Constituency financial statements were approved by NG CDFC on 4/11/2025 and signed by:



 Fund Account Manager


Name: JOHNSON KARANJA

**FUND ACCOUNT MANAGER
 NGCDF MALINDI
 P. O. Box 244 - 80200
 MALINDI**



 National Sub-County Accountant

Name: ELISAH ATAMBO
 ICPAK M/No: 24095



 Chairman NG-CDF Committee

Name: SAMMY-K. KARIZA



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16. Budget Execution by Sectors And Projects For The Year Ended 30th June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	5,776,800	1,933,987		7,710,787	4,428,920	3,281,867
1.2 Committee allowances	1,128,000			1,128,000	1,128,000	-
1.3 Use of goods and services	3,861,717	718		3,862,435	3,861,717	718
Sub-total	10,766,517	1,934,705	-	12,701,222	9,418,637	3,282,585
2.0 Monitoring and evaluation						
3.0 2.1 Capacity building	2,000,000			2,000,000	2,000,000	-
2.2 Committee allowances	1,000,000			1,000,000	1,000,000	-
2.3 Use of goods and services	2,383,258			2,383,258	2,383,258	-
Sub-total	5,383,258	-	-	5,383,258	5,383,258	-
4.0 Emergency						

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
unutilized	9,444,313	3,105,759		12,550,072	6,776,727	5,773,345
Kavunyalalo primary school - Toilets		3,000,000	-	3,000,000	2,979,235	20,765
Vihingoni - Baguo Primary school access rd.	3,500,000	-	-	3,500,000	3,497,492	2,508
Ng-cdf office access rd	-	8,011	-	8,011		8,011
Takaye primary school	-	2,036	-	2,036		2,036
Sosoni Primary school	-	493	-	493		493
Goshi primary school	3,000,000	-	-	3,000,000	150,000	2,850,000
Miwani primary school	2,944,313	105,759	-	3,050,072	150,000	2,900,072
				-		-
Sub-total	9,444,313	3,116,299	-	12,560,612	6,776,727	5,783,884
5.0 Bursary and Social Security						
5.1 Primary Schools	-			-		-
5.2 Secondary Schools	30,600,000			30,600,000	30,600,000	-

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
5.3 Tertiary Institutions	28,000,000			28,000,000	17,097,660	10,902,340
5.4 special needs	1,400,000			1,400,000		1,400,000
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
Sub-total	60,000,000	-	-	60,000,000	47,697,660	12,302,340
7.0 Environment						
HGM primary school toilets.		4,819		4,819		4,819
Climate change		3,507,236		3,507,236	3,501,466	5,770
7.16 Arabuko Sokoke primary	2,500,000			2,500,000		2,500,000
7.18 Kijiwetanga police post	350,000			350,000	350,000	-
Sub-total	2,850,000	3,512,055	-	6,362,055	3,851,466	2,510,589
8.0 Primary Schools Projects						

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
St. Andrews primary school	4,000,000	1,475		4,001,475	-	4,001,475
Kakoneni primary school		518		518	-	518
Baguo primary school		1,018		1,018	-	1,018
Madunguni primary school		2,093		2,093	-	2,093
Kwa upanga primary school		94,668		94,668	90,117	4,551
Ganda primary school		323,128		323,128	-	323,128
Hgm primary school		22,622		22,622	-	22,622
Sir ali special school	2,000,000	29		2,000,029	-	2,000,029
Kavunyalalo primary school		241,989	4,006,749	4,248,738	3,328,041	920,698
Karima primary school		300,000	1,974,369	2,274,369	1,958,946	315,424
Kasimbiji primary school		2,800,000	1,974,369	4,774,369	1,959,486	2,814,883
Sosoni primary school		300,000	5,955,321	6,255,321	2,799,158	3,456,163

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Kakuyuni primary school		3,500,000		3,500,000	3,158,323	341,677
Sir ali primary school		3,200,000		3,200,000	3,189,686	10,314
Mkunguni primary school		1,300,000		1,300,000	996,898	303,102
Milimani primary school		1,000,000		1,000,000	763,993	236,007
Mambosasa primary school		3,000,000		3,000,000	2,833,931	166,069
Airport primary school - renovation	2,000,000	-	3,200,000	5,200,000	2,949,963	2,250,037
Airport primary school - construction			3,948,738	3,948,738	1,203,823	2,744,915
Mkaomoto primary school		-	3,948,738	3,948,738	3,663,950	284,788
Central primary school		-	3,200,000	3,200,000	3,193,938	6,062
Majivuni primary school		300,000	-	300,000	58	299,943
Upweoni primary school		300,000	-	300,000	58	299,943
Kombeni primary school		313,266		313,266	312,575	691

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Malindi NG-CDF lockers and desks		-	4,500,000	4,500,000	4,361,644	138,356
Pishimwenga primary		300,000		300,000	-	300,000
Arabuko primary school		300,000		300,000	-	300,000
Takaye primary school		300,000	3,948,738	4,248,738	1,350,375	2,898,363
Girimacha primary school		3,200,000		3,200,000	2,160,575	1,039,425
Gahaleni primary school	4,000,000			4,000,000	-	4,000,000
Mmangani primary school			3,200,000	3,200,000	1,750,475	1,449,525
Kajajani primary school		300,000	3,000,000	3,300,000	-	3,300,000
Mkondoni primary school		423,367	2,376,633	2,800,000	-	2,800,000
Mgandani primary school			2,500,000	2,500,000	-	2,500,000
Mashamba primary school		300,000	2,500,000	2,800,000	-	2,800,000
HGM primary school			3,948,738	3,948,738	1,677,961	2,270,777

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
				-		
Sub-total	12,000,000	22,124,173	54,182,393	88,306,566	43,673,973	44,632,593
9.0 Secondary Schools Projects						
Barani secondary school		11,000,000		11,000,000	2,932,915	8,067,085
Bishop baldacchino sec sch	4,400,000	3,000,000		7,400,000	5,277,548	2,122,452
Maziwani secondary school	4,400,000	3,000,000		7,400,000	4,485,008	2,914,993
Jilore secondary school	5,000,000	5,000,000		10,000,000	4,156,353	5,843,647
Malindi high school	5,732,800	3,000,000		8,732,800	2,999,910	5,732,890
Mkondoni secondary sch	4,337,934	3,000,000		7,337,934	-	7,337,934
Shomani girls secondary sch	5,000,000	-	5,000,000	10,000,000	2,535,635	7,464,365
Mongotini secondary sch		3,225		3,225	-	3,225

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Ganda secondary school		17,054		17,054		17,054
Kakuyuni boys secondary		306,409		306,409	56,575	249,834
Majivuni secondary school		13,448		13,448		13,448
Kijiwetanga secondary sch		23,128		23,128		23,128
Muyeye secondary school		6,671		6,671		6,671
ACK Bishop Kalu Secondary school	4,000,000			4,000,000		4,000,000
Sub-total	32,870,734	28,369,936	5,000,000	66,240,670	22,443,944	43,796,726
10.0 Tertiary institutions Projects (List all the Projects)						
				-		-
11.0 Security Projects						
Barani chiefs office		2,357,668		2,357,668	2,314,452	43,216
Makobeni assistant chiefs office		2,180,368		2,180,368	1,891,061	289,307

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
Kijiwetanga police post	500,000	6,500,000		7,000,000	3,924,543	3,075,457
Kakuyuni police post		423		423		423
Central chief office	2,000,000	1,000,000		3,000,000		3,000,000
Bao lala chiefs office	4,000,000			4,000,000		4,000,000
Goshi chiefs office	4,000,000			4,000,000		4,000,000
Malindi police station	3,000,000			3,000,000		3,000,000
	-		-	-		-
Sub-total	13,500,000	12,038,459	-	25,538,459	8,130,057	17,408,402
12.0 Acquisition of assets						
12.1 Motor Vehicles (including motorbikes)			-	-		-
12.2 Purchase of furniture and fittings				-		-
12.2 Construction of CDF office				-		-
Sub-total	-	-	-	-	-	-

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
13.0 Others						
Constituency Sports		12,522.00	-	12,522		12,522
Huduma Centre Malindi	13,500,000.00	-	-	13,500,000		13,500,000
Sub-total	13,500,000	12,522	-	13,512,522	-	13,512,522
Funds pending approval**						
unapproved projects	19,127,132	51,590		19,178,722		19,178,722
AiA	-	1,883,272	-	1,883,272		1,883,272
Sub-total	19,127,132	1,934,862	-	21,061,994	-	21,061,994
Total	179,441,954	73,043,010	59,182,393	311,667,358	147,375,722	164,291,636

17. Notes to the Financial Statements

1. General information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF Malindi Constituency principal activity is alleviating poverty at the grassroot through infrastructural development in the education and security sectors, provision of education bursaries to needy students and engaging in climate change mitigation activities.

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 judgment in the process of applying the NG-CDF'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 of these financial statements.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS) or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st are transitional financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF. The financial statements have been prepared in accordance with the PFM Act, the NGCDF Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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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 2024.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
44: Current held d d	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>Applicable 1st January 2025</i> Standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 Additional guidance/ new guidance for heritage assets, infrastructure assets

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and Equipment	and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
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>

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<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</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>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</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>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</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> <ul 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.

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption, and impact on the entity's financial statements.)*

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Fund* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance upon fulfilling the conditions set. Revenue shall be recognized after allocations have been approved by the NG-CDF Board.

ii) Revenue from exchange transactions

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *Entity*.

Interest income

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

Rental income

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

b) Budget information

The original budget was approved by Parliament on xx June 2025 for the period 1st July 2025 to 30th June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

A comparison of the actual performance against the final budget for the financial year under review has been included in the financial statements.

The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 15 of these financial statements.

c) Property, plant and equipment

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

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

e) Intangible assets

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

f) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

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.

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make

the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

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

l) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions

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

n) Related parties

The *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly or to exercise significant influence over the *Entity*, or vice versa.

o) 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 an insignificant risk of changes

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

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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6. Transfers from the NGCDF Board

Description	2024/25
	Kshs
NGCDFB Transfers (Allocation for the FY)	179,441,954
Total	179,441,954

7. Transfers from domestic and foreign partners

Description	2024/25
	Kshs
Grants	-
Total	-

8. Finance income

Description	2024/25
	Kshs
Interest Income on Bank Deposits	-
Total	-

(Provide a brief explanation for this revenue)

9. Miscellaneous income

	2024/25
	Kshs
Rental Income	-
Income from sale of tenders	-
Hire of plant/equipment/facilities	-
Other Income Not Classified Elsewhere <i>(specify)</i>	-
Total	-

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10. Employees cost

	2024/25
	Kshs
NG-CDFC Basic staff salaries	4,189,000
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	1,030,440
Employer Contributions Compulsory national social security schemes	190,060
Employer Contributions Compulsory Housing levy	49,860
Employer contributions to National Industrial Training Authority	-
Other Specify	-
Total	5,459,360

11. Committee Expenses

	2024/25
	Kshs
Sitting allowance	1,128,000
Other Committee expenses	1,000,000
Total	2,128,000

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12. Use of Goods and services

	2024/25
	Kshs
Utilities, supplies and services	160,000
Communication, supplies and services	728,979
Domestic travel and subsistence	586,000
Printing, advertising and information supplies & services	1,375,305
Office Rent	-
Training expenses	1,700,000
Hospitality supplies and services	300,000
Insurance costs	-
Specialized materials and services	1,060,000
Office and general supplies and services	985,318
Fuel, oil & lubricants	600,000
Bank charges	82,961
Routine maintenance – vehicles and other transport equipment	666,412
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	-
Total	8,244,975

13. Other Government Units Actual expenditure

Description	2024/25
	Kshs
Primary Schools Actual expenditure	45,087,402
Secondary Schools Actual expenditure	24,116,397
Tertiary Institutions Actual expenditure	-
Total	69,203,799

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14. Other Grants and transfers Actual expenditure

	2024/25
	Kshs
Bursary – secondary schools	30,600,000
Bursary – tertiary institutions	17,097,660
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	8,636,365
Climate change mitigation projects	3,851,466
Emergency projects Actual expenditure	6,776,728
Roads projects Actual expenditure	-
Others specify	-
Total	66,962,219

15. Depreciation and Amortization Expenses

Description	2024/25
	Kshs
Property Plant and Equipment	-
Intangible Assets	-
Total	-

16. Digital Hubs Expenses

Description	2024/25
	Kshs
Construction/ renovation/ Actual expenditure	-
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (<i>specify</i>)	-
Total	-

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17. Gain/loss on Sale of Assets

Description	2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total Gain/loss on Sale of Assets	-

(Provide brief explanation on gains on sale of fixed assets)

18. Impairment Loss

Description	2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<i>(Include financial instruments that are impaired)</i>	-
Total Impairment Loss	-

(Provide brief explanation on assets impairment loss)

19. Cash and Cash Equivalents

Name Of Bank and Account No.	2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
Name Of Bank, Account No. Family Bank Ltd-Malindi 098000035068	72,813,818	71,917,835.00
<i>Operations account pending closure (Indicate name & account no.)</i>	-	51,590.00
Name of Bank, account No. (Deposit account) Family Bank Ltd-Malindi 098000036507	2,277,136	-
Name of Bank, account No. (Various PMC accounts) Family Bank Ltd-Malindi, Equity Bank Ltd-Malindi	46,758,727	1,073,585.16
Total	121,849,681	73,043,010
Cash Balances		
Location 1	-	-
Location 2	-	-
Other Locations <i>(Specify)</i>	-	-
Total	-	-

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<i>[Provide Cash Count Certificates for Each]</i>		
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(Provide a schedule of all reconciled PMC bank balances as at the end of the period)

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20. Receivables from Exchange Transactions

Description	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Total receivables		
Other exchange debtors (<i>Specify</i>)	-	-
Less: impairment allowance	-	-
Total receivables	-	-
a. Current receivables	-	-
b. Non-current receivables	-	-
Total Receivables (a+b)	-	-

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

i. Ageing Analysis for Receivables

Description	2024/2025		Opening Statement 1 st July 2024	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

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21. Receivables from Non-Exchange Transactions

Description	2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	42,441,954		59,182,393.00	
Outstanding imprest	-		-	
Total	42,441,954		59,182,393	
Ageing Analysis- Receivables from non-exchange transactions	2024/25	% of the total	Opening Balance	% of the total
Less than 1 year	42,441,954	100%	59,182,393	100.00
Between 1-2 years	-	0%	-	0.0
Over 3 years	-	0%	-	0.0
Total	-	100%	59,182,393.00	100.00

22. Prepayments

Description	2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	-		-	
Prepaid Electricity Costs	-		-	
Other Prepayments (<i>Specify</i>)	-		-	
Total	-		-	

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2025	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-	-	-
Depreciation And Impairment								
Opening Depreciation	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-	-	-
Net Book Values								
Opening Bal as at 1 st July 2025	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-	-	-

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Valuation

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020). These amounts were adopted on.

23 b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	-	-	-

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
Total	-	-

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24. Intangible Assets

Description	2024/25
	Kshs
Cost	
Opening balance at 1 st July 2025	-
Additions	-
Disposal	-
At end of the 2025	-
Amortization and impairment	
At beginning of the year	-
Amortization	-
At end of the year	-
Impairment loss	-
At end of the year	-
NBV at July 1 st 2025	-
NBV at June 30 th 2025	

25. Right-of use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As At 1 July (Comparative period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Comparative Period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
Accumulated Depreciation				
As At 1 July 2025 (Comparative period)	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025 (Comparative period))	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
Carrying Amount				

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As At 30 June 2025 (Current FY)	-	-	-	-
As At 30 June 2025. (Comparative Period)	-	-	-	-

26. Trade and Other Payables

Description	2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	-	-	-	-
Employee payables	-	-	-	-
Other payables	-	-	-	-
Total trade and other payables	-	-	-	-
Aging analysis: (Trade and other payables)	2024/25	% of the Total	1st July	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

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27. Third-Party deposits

	2024/25
	KShs
Retention as at 1 st July (A)	-
Retention held during the year (B)	5,551,224
Retention paid during the Year (C)	1,959,033
Closing Retention as at 30th June D= A+B-C	3,592,191

Retentions aging analysis.

	2024/25	% of the total	Insert Comparative FY	% of the total
Less than 1 year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

(The total above should be equal to the closing retention)

28. Lease Liabilities

Description	2024/25	<i>Opening Statement</i> <i>1st July 2024</i>
	Kshs	Kshs
Balance at the beginning of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

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Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: unearned Interest	-
	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

29. Gratuity Provision

Description	2024/25
	Kshs
Gratuity at the beginning of the year 1 st of July	1,246,696
Gratuity held during the year	1,030,440
Gratuity paid during the year	-
Total Gratuity Provision 30th June (A+B-C)	2,277,136.00

30. Cash Generated from Operations

	2024/25
	Kshs
Surplus for the period before tax	27,443,602
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Changes in inventory	-
Changes in receivables	(16,740,439)
Changes in deferred income	-
Changes in Third party deposits	3,592,191
Changes in gratuity provision	1,030,440
Changes in payments received in advance	-
Net cash flow from operating activities	40,591,850

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

31. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity'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 Entity 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 Entity's financial risk management objectives and policies are detailed below:

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i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (2024/25)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
As at 30 June (2023/2024)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June (2024/25)				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	-	-
Total	-	-	-	-
As at 30th June (2023/24)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

iii) Market risk

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. The carrying amount of the *Entity's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June (2024/25)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June (2024/25)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
Current FY			
Euro	10%	-	-
USD	10%	-	-
Previous FY			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity'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 Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one

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percentage point as a decrease/increase of Kshs xxx (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June (Current FY)				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-

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Total		xxx	xxx	xxx	xxx
As at 30 th June (2024/25)					
Financial Assets					
Quoted Equity Investments		-	-	-	-
Non- Financial Assets					
Investment Property		-	-	-	-
Land And Buildings		-	-	-	-
Total		-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

Description	2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	-	-

32. Related Party Disclosures

	2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	-	-
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	-	-
Total	-	-

33. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)

34. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

(Give details)

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Contingent Liabilities

Description	2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case xx against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

35. Capital Commitments

Capital Commitments	2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
Total	-	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments maybe those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

The Malindi Constituency is a Fund under The National Treasury and Planning & managed by NG-CDFB at the National level, and the NG-CDFC at the constituency level. Its ultimate parent is the Government of Kenya.

38. Currency

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

18. Annexes

Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	5,000,000			5,000,000.00
Buildings and structures	20,730,000			20,730,000.00
Transport equipment	6,950,000			6,950,000.00
Office equipment, furniture, and fittings	3,321,097			3,321,097.00
ICT Equipment and Other ICT Assets	974,327			974,327.00
Other Machinery and Equipment	22,750,000			22,750,000.00
Intangible assets	-			-
Total	59,725,424			59,725,424.00