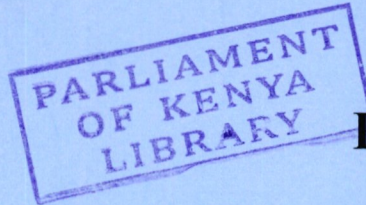


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF EMBU CAR LOAN
AND MORTGAGE (STAFF)
SCHEME FUND**

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





**COUNTY ASSEMBLY OF EMBU CAR LOAN AND MORTGAGE (STAFF) SCHEME
FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

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

County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025

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*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
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1. Acronyms and Definition of Terms

a) Acronyms

ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
CAE	County Assembly of Embu
CASBE	County Assembly Service Board of Embu
NT	National Treasury
EACC	Ethics and Anti-Corruption Commission
COB	Controller of Budget
PAC	Public Accounts Committee
PIA	Principal Internal Auditor
FA	Fund Administrator
CA	County Assembly
CoK	Constitution of Kenya 2010

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Fund Administrator	The person responsible for financial management of the fund

2. Key Entity Information and Management

Background information

The County Assembly of Embu Car loan and Mortgage scheme is a revolving fund established pursuant to Section 116 of the PFM Act. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the Administrator of public fund with the responsibility of the preparation of annual financial statements. For proper management of the fund and as advised by the SRC, the County Assembly of Embu adopted the PFM regulations 2014 to guide in the operationalization of the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising there from, the County Assembly Service Board approved and adopted. The fund is wholly owned by the County Assembly of Embu and is domiciled in Kenya.

The objective of the fund is to provide Car and Mortgage loans to members of staff

a) Principal Activities

The principal activity of the fund is to provide car and mortgage loans to Members of Staff at affordable interest rates in order to facilitate them buy or construct individual residential houses and purchase cars for their use in order to work effectively and efficiently to achieve the goal of the organization. The loans are recovered from their salaries for the remaining term of their employment.

b) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Jim G. Kauma	Chairman of the Committee
2	James Munyi	Vice-Chairman
3	Moses Karagirwa	Member
4	David Githaga	Member
5	Boniface Muthomi	Member
6	CPA Josiah Karanja	Fund Administrator/Secretary to Committee

**County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025**

c) Key Management Team

Ref	Position	Name
1	Committee Chairman	Jim G. Kauma
2	Fund Administrator/ Secretary to Committee and Director Finance & Accounts	CPA Josiah Muhia Karanja
3	Fund Accountant/Principal Finance Officer	CPA Kamau Wachiuri

d) Fiduciary Oversight Arrangements

SN	Position	Name
1	Principal Internal Auditor	CPA Stephen Kiso
2	CASBE	Hon. Josiah Thiriku (Chairperson)
3	PAC	Hon. Paul Muchangi (Chairperson)

The PIA is required to give an independent, objective assurance and consulting activity designed to add value and improve organization's operations. He audits all funds of the assembly and reports his findings to the audit committee and the accounting officer. He is not part of the management nor operation of the fund activities.

The CASBE is required to approve the budget and any policy document required for the smooth running of the fund. The CASBE is also required to play an oversight role by making sure that the fund management adheres to the regulations.

The audit committee plays a key oversight role and is established under the PFM Act. The committee ensures the organization operates within the legal and ethical framework adhering to applicable regulations and public finance guidelines. The committee reviews compliance programs to assess their effectiveness and identify any gaps or areas of improvement.

The PAC examines all auditor general reports emanating from all the funds of the CA. Their role is to study public audit and invite fund managers for questioning and report on their findings to the CA. they make recommendations on how to run public funds effectively and efficiently. Its an oversight committee created by the CoK 2010.

e) Registered Offices

County Assembly of Embu Chambers
Spring Valley Area Along James Nyaga Crescent road
Opposite Faith House
P O Box140-60100
EMBU, KENYA

f) Fund Contacts

Telephone: (254) 0682231208
E-mail: countyassemblyofembu@gmail.com
Website: www.embuassembly.go.ke

g) Fund Bankers

1. Winas Sacco
EMBU

h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P O Box 30084- GPO 00100
NAIROBI, KENYA

i) Principal Legal Adviser




The Attorney General
State Law Office- Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA




j) County Attorney

The Director
Litigation, legal compliance and legislative drafting
County Assembly of Embu

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*





3. The Board of Trustees/ Fund Administration Committee

NAME	DETAILS OF QUALIFICATIONS AND EXPERIENCE
	<p>Name: Mr. Jim G. Kauma</p> <p>County Assembly Clerk</p> <p>Date of birth: 19th September 1981</p> <p>Master's degree in Public Policy and Administration</p>
	<p>Name: Mr. James Munyi Ileri</p> <p>Date of Birth: 7th February 1980</p> <p>Designation: County Assembly Deputy Clerk</p> <p>Qualification: Bachelor of science</p>
	<p>Name: Mr David Mwangi Githaga</p> <p>Date of Birth: 22nd June 1970</p> <p>Designation: Director Legislative and Procedural and committee Services</p> <p>Qualification: Bachelors of Arts (BA)</p>

	<p>Name: Mr. Boniface Muthomi</p> <p>Date of Birth: 10th May 1985</p> <p>Designation: Director, Litigation, legal compliance and Legislative Drafting.</p> <p>Qualification: Bachelor of Laws.</p>
	<p>Name: Mr. Moses Mucangi Karagirwa</p> <p>Date of Birth: 21st August 1967</p> <p>Designation: Director, Director Human Resource Management</p> <p>Qualification: MSC, Human Resource Management.</p>
	<p>Name: CPA Josiah Muhia Karanja</p> <p>Date of Birth: 1st July 1975</p> <p>Designation: Director financial and accounting services</p> <p>Qualification: B/Comm. CPA(K) CPS (K)</p> <p>Fund Administrator</p>

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

4. Management Team.

Name	Details of qualifications and experience
	<p>Name: Mr. Jim G. Gitonga.</p> <p>Date of Birth: 19th September 1981</p> <p>Designation: County Assembly Clerk</p> <p>Qualification: Master's degree in Public Policy and Administration. Committee Chairman</p>
	<p>Name: Mr. James Munyi Ireri</p> <p>Date of Birth: 7th February 1980</p> <p>Designation: County Assembly Deputy Clerk</p> <p>Qualification: Bachelor of science</p>
	<p>Name: CPA Josiah Muhia Karanja</p> <p>Date of Birth: 1st July 1975</p> <p>Designation: Director financial and accounting services</p> <p>Qualification: B/Comm. CPA(K) CPS (K)</p> <p>Fund Administrator/Secretary to the Committee</p>
	<p>Name: Mr David Mwangi Githaga</p> <p>Date of Birth: 22nd June 1970</p> <p>Designation: Director Legislative and Procedural and committee Services</p> <p>Qualification: Bachelors of Arts (BA)</p>

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

	<p>Name: Mr. Boniface Muthomi</p> <p>Date of Birth: 10th May 1985</p> <p>Designation: Director, Litigation, legal compliance and Legislative Drafting.</p> <p>Qualification: Bachelor of Laws.</p>
	<p>Name: Mr. Moses Mucangi Karagirwa</p> <p>Date of Birth: 21st August 1967</p> <p>Designation: Director, Director Human Resource Management</p> <p>Qualification: MSC, Human Resource Management.</p>
	<p>Name: CPA. Kamau Wachiuri</p> <p>Date of Birth: 1st May 1972</p> <p>Designation: Principal Finance Officer</p> <p>Qualification: MSc finance and accounting, CPA(K) Fund accountant.</p>

5. Board/Fund Chairperson's Report

a) Changes in the Fund during the year (in terms of the board or key management team)

The board of trustees has continued to perform its distinct functions to achieve the objectives of the board. In the Financial year under review there were no changes in the management of the fund. Also there has been no changes in the key management team.

b) Review of the Fund's performance

The fund performance has been vibrant in the year. So far the fund has disbursed loans to five (5) members of staff up to the year under review considering the fund has not had further funding since the financial year 2022/2023.

c) Future outlook of the Fund

The fund has a sound financial base and is expected to remain financially viable in future with ploughing back of the interests earned from the disbursed loans to members of staff. More applications are pending with 100% loan uptake.. The fund has not experienced any defaulting.

d) Any other matters deemed necessary.

The fund will continue discharging its mandate under the regulations and will comply with all relevant laws, regulations, circulars and advisories from time to time.

e) A conclusion

For maximum operation of the fund the CASBE will be required to allocate more funds for purposes of disbursing more loans to the members of staff.

It is my hope that the fund will continue to exercise its mandate in future.


.....


Name: James Munyi Ireni

For: Chairman - Car Loan and Mortgage (Staff) Committee

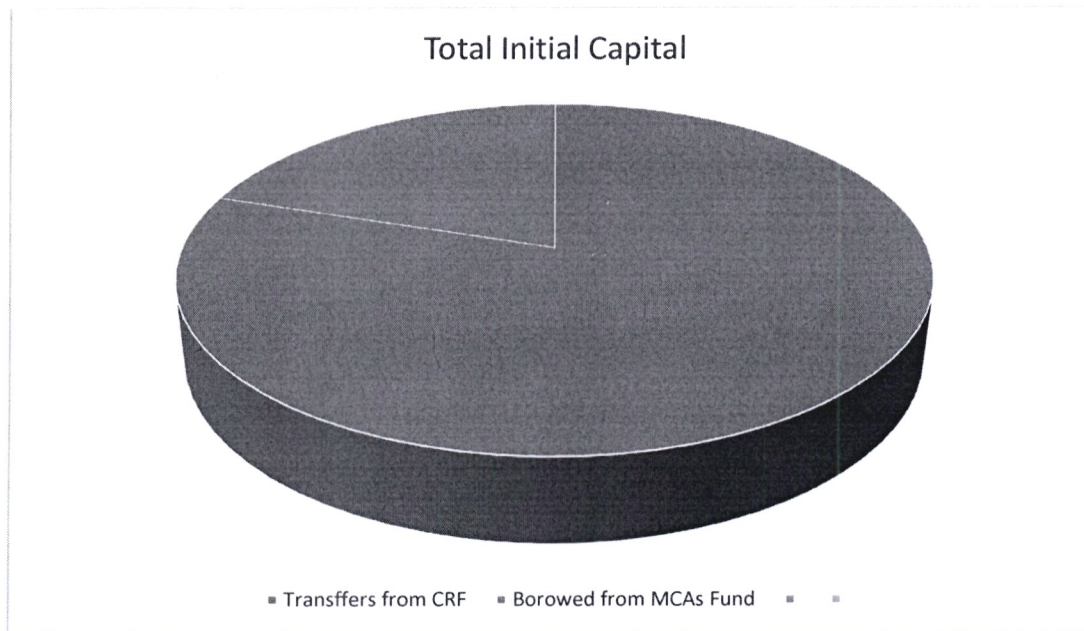
Date: 10th November, 2025

6. Report of The Fund Administrator

It is my pleasure to present the County Assembly of Embu (Staff) Mortgage and Car loan Fund financial statements for the year ended 30th June, 2025. The financial statements present the financial performance of the fund over the past 12 months. The fund has continued disbursing loans to the Members of Staff at prescribed annual interest rate of 3% to facilitate them to buy cars and construct residential houses.

The budget performance

The fund was established and started with an initial budgeted amount of Kshs **10,000,000**. **Kshs 8,000,000** was deposited at Family bank Embu Branch from the CRF and another **Kshs 2,000,000** was borrowed from the Members Car Loan and Mortgage Fund which is yet to be paid back to the fund and all this happened in the FY 2022/2023 and there have been no funding changes to date.



Incomes

The fund raised interest income of Kshs **288,408** during the FY an increase from Kshs 262,190 from the previous period. No other incomes were realized from any other stream during the year.

The fund did not issue any additional loans during the period and the seed capital remained at ksh 10,000,000.

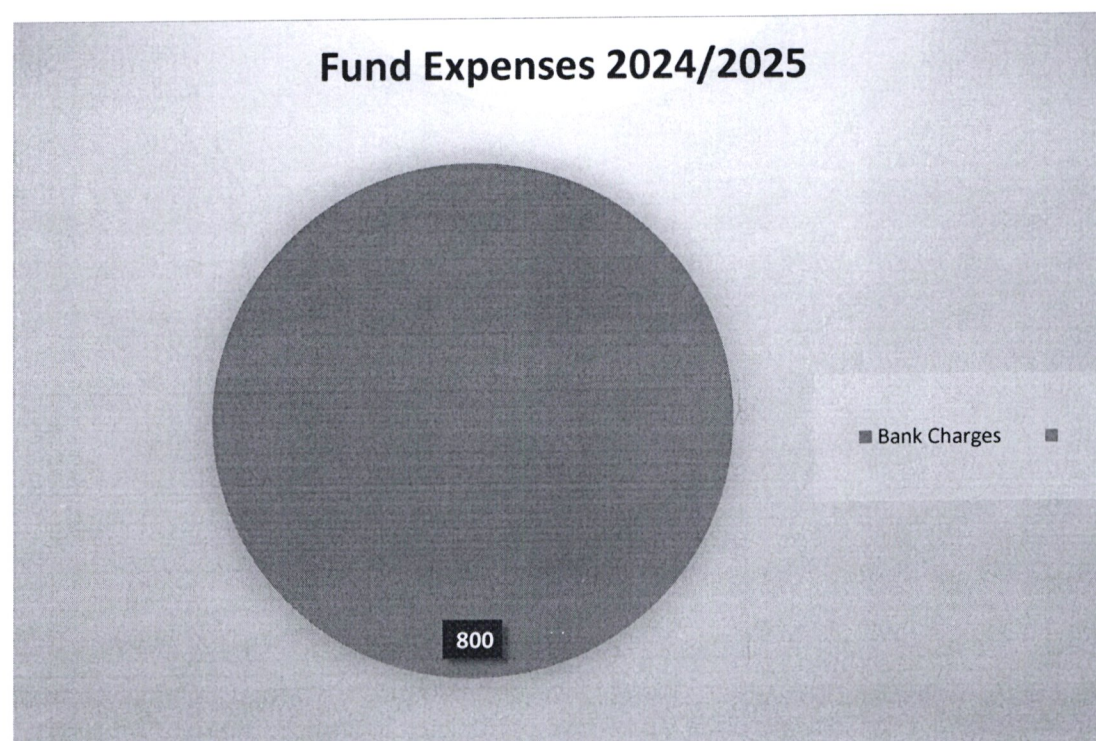
*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

Fund Expenses

During the year the Fund had total expenses of Kshs. 800 broken down into the following expenditure votes

- a) Bank Charges - Kshs. 800

The surplus for the year was Kshs 287,608.



The outputs and outcomes

By the close of the financial year loan uptake was 100% and no staff members had made applications to the committee for loans. The provision of these loan facilities at a low interest rate has enabled members of staff to move efficiently within the County, live in constructed good homes and hence they are well motivated to effectively perform their duties in the Assembly.

The implementation challenges.

The main challenge faced during implementation of repayment of car and mortgage loans during the period under review was the delayed release of funds by the NT to the CAE which subsequently leads to delay in repayment of staff car and mortgage loans by one or two installments.

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

The seed capital of ksh 10 million is not enough to give out loans to the members and more is required to be budgeted for this fund to cater for the staff applications which are pending.

I take this opportunity to thank County Assembly of Embu mortgage and car loan fund committee for their support during the period under review and look forward to working with them in future.

Signed: _____


CPA Josiah Karanja

Fund Administrator

ICPAK No. 8494

**County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025**

7. Statement of Performance against County Fund’s Predetermined Objectives

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

The key development objectives of the County Assembly of Embu (Staff) Mortgage and Car Loan fund are to

- a) Provide cheap Car loans to members of staff to enable purchase of vehicles for to ease their movement at 3% PA
- b) Provide Mortgage loans to members at subsidized rates of 3% PA

Progress on attainment of Strategic development objectives

The County Assembly has achieved its strategic development objective to provide mortgage and car loans at 3% to members of staff. The total amount disbursed was Kshs. 12,000,000.

Nothing was disbursed in the FY 2024 2025.

This has facilitated staff in acquiring cars and construction of houses thus improving their welfare. This has also motivated the staff of the County Assembly to work for improved service delivery in discharging their duties.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loans	To facilitate Members of staff of the County Assembly travel efficiently	Efficient movement of staff from the office and residence and vice-versa	100% of the budgeted amount has been taken up by the staff in loans	In the Financial year 2024/2025 members of staff have continued to repay their car loan without defaulting
Mortgages	To support the staff of the county assembly construct descent houses	Construction of descent houses for the staff of the County Assembly	100% of allocated funds have already been taken up by the staff to construct decent houses	By the end of financial year 2024/2025 the staff continue to repay their mortgage loans without a defaulting

8. Corporate Governance Statement

The County Assembly of Embu Car & Mortgage (Staff) Scheme Fund is a revolving fund established pursuant to Section 116 of the PFM Act and operationalized by Public Finance Management (County Assembly of Embu) (Staff) Car Loan and Mortgage Scheme Fund) Regulations, 2019.

Its mandate is to provide mortgage and car loans to staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements.

- **Number of fund administration committee meetings held and the attendance to those meetings by members.**

The Committee held 10 meetings in the FY under consideration. Almost all the committee members attended the meetings.

- **Succession plan,**

The board of trustee is composed of all the heads of directorates in the CA. The FA is also a director in the CAE. Therefore, succession planning has already been taken into consideration as the staff immediately below the directors are able to take up those roles in case of an exit of any member.

- **Existence of a Board/Trustee Charter,**

Currently the fund has not developed a service charter.

- **Process of appointment and removal of trustees.**

The appointment of the trustees is clearly spelt out in Section 6 of the Public Finance Management (County Assembly of Embu) (Staff) Car Loan and Mortgage Scheme Fund) Regulations, 2019. The same is conveyed to the directors by the accounting officer in writing. Removal only happens upon exit of employment.

- **Roles and functions of the Board/Trustees.**

The roles and functions of the trustees are clearly spelt out in section 6 of the Public Finance Management (County Assembly of Embu) (Staff) Car Loan and Mortgage Scheme Fund) Regulations, 2019 and are:

- inform the CAFE on the funding requirements of the fund; and
- process applications for loans in accordance with the existing terms and conditions of borrowing.

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

- **Induction and training.**

The Fund committee are usually inducted on their roles, duties and responsibilities at the start of their term in office. However, a continuous training will be necessary in future.

- **Board and member performance,**

The board has performed as is expected and achieved its goals of administering car loan and mortgages to members of staff and ensuring monthly repayments of the loans.

- **Conflict of Interest,**

Board of trustee members are advised to declare interest they may have and that could affect their performance in the board.

- **Board/Trustee Remuneration,**

The fund administration Committee members are paid sitting allowances as per salaries and remuneration commission (SRC) approved rates.

- **Ethics and conduct as well as governance audit.**

The fund has not undertaken any ethics or governance audit in the period under review

9. Management Discussion and Analysis

a) Operational performance and financial performance

The fund became operational in the month of November 2022. This means the fund has been operational for a period of 30 months since inception.

This is the second financial year which can be used to compare the performance of the fund with the previous period.

The fund kicked its operations in sound management background and all its activities have been going according the management plan

b) Entities key projects or investment decisions implemented

The management did not make any investment decisions on investment of the funds as this is a staff revolving fund. The principal activity of the fund is to advance loans to members of staff as per the PFM Regulations 2019.

The fund did not have any projects undertaken in the year of reporting.

c) Funds compliance with statutory requirements

The fund complied with all laws and circular necessary for implementation of the car loan and mortgage scheme.

No issues of non-compliance where notice or brought to the attention of the management

d) Major risks facing the fund

The biggest risk is the delay in release of fund by the NT. This has led to monthly deductions being paid late for a period of two months. This affects the cash-flow position of the fund and issuing of new loans to applicants

e) Material arrears in statutory and other financial obligations

The fund had arrears in statutory deductions. The previous financial obligation outstanding is the unpaid insurance deductions that has now been fully settled and is up to date.

f) Any other information

No issues have arisen in the course of the management of the fund which have been brought to the attention of the management committee

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

To ensure sustainability of the fund the board of trustees jointly with key management staff ensure the mortgage loans are timely issued, repaid and key governance responsibilities are adhered to. The fund is well funded and is utilized for the purpose intended for i.e. extend Car & mortgage to members.

2. Environmental performance.

The fund has no environmental policy but uses the already existing environmental laws in her operations.

3. Employee welfare

The fund utilizes the staff of the County Assembly for performance of its duties. The welfare, appraisals and rewards are undertaken by county Assembly Service Board (CASB).

4. Market place practices

The fund utilizes the facilities and resources of the County Assembly of Embu.

a) Responsible competition practice.

The County Assembly of Embu Car Loan mortgage Fund ensures responsible competition practices by ensuring any loan application is processed on a first come and first out basis to ensure every application is given fair preference.

b) Responsible Supply chain and supplier relations

The fund relies on County Assembly of Embu for all her supply needs.

c) Responsible marketing and advertisement

The fund relies on County Assembly of Embu for all its marketing and advertisement where necessary

d) Product stewardship.

The fund relies on the approved regulations to manage her operations where the member's rights and obligations are well spelt out.

5. Corporate Social Responsibility/Community Engagements.

Since the fund is still young in terms of the number of years in operation, it has not yet started community engagement

11. Report of the Trustees

The Trustees submit their report together with the Financial Statements for the year ended June 30, 2023, which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide Car and Mortgage Loans to members of the County Assembly.

Results

The performance of the Fund for the year ended June 30, 2024, are as set out on page 1 to 5

Trustees

The Board of Trustees was appointed on 12th September 2022. They have been in office since.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. For the year ended 30th June, 2025 the Office of the Auditor General through the Eastern Hub shall conduct the Audit of the of the reports and the financial statements of the fund



.....

James Munyi Ileri

For: Chairman of the Board

Date: 10th November, 2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Fund Administrator of a fund established pursuant to Section 116 of the Public Finance Management Act is required to prepare an annual report and financial statements for a period ending 30th June of each year.

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

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the fund;
- v. Applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Administrator accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Section 167 of the Public Finance Management Act (PFMA).

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

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

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 10th November, 2025 and signed on its behalf by:



Name: CPA Josiah Karanja

Administrator of the County Assembly of Embu

Staff Mortgage and Car Loan Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF EMBU CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on the 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 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 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Embu Car Loan and Mortgage (Staff) Scheme Fund set out on pages 1 to 22, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Embu Car Loan and Mortgage (Staff) Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Assembly of Embu Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unconfirmed Receivables from the County Revenue Fund

The statement of financial position reflects accounts payable – deposits and retentions balance of Kshs.2,357,878 which includes unremitted transfers from the County Revenue Fund balance of Kshs.2,000,000 as disclosed in Note 6 to the financial statements. However, the financial statements of the Embu County Revenue Fund reflect Nil accounts payables balance.

In the circumstances, the accuracy and completeness of accounts payable – deposits and retentions balance of Kshs.2,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Embu Car Loan and Mortgage (Staff) Scheme Fund Management in accordance with ISSAI 130 on 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 effects of the matter 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 Information

The Fund Administration Committee is responsible for the Other Information set out on page ii to xxi which comprise of Key Entity Information and Management, The Fund

Administrator, Statement of Performance Against County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees, and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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 are in compliance, 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 overall 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 control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Fund Administration Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also 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

14 November, 2025

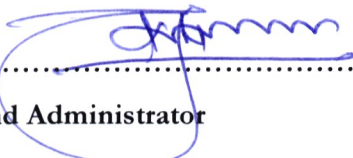


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14. Statement of Financial Performance for the Year ended 30th June 2025

I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDING 30TH JUNE 2025			
	Notes	2024-2025	2023-2024
		Kshs	Kshs
RECEIPTS			
Transfer from Exchequer	1		
Interest Income	2	288,408	262,190
Other Incomes	3		698,332
TOTAL REVENUE		288,408	960,522
PAYMENTS			
Use of Goods	4	800	105,330
TOTAL EXPENSES		800	105,330
SURPLUS/DEFICIT		287,608	855,192

(The notes set out on pages 6 to 21 form an integral part of these Financial Statements)



Fund Administrator
CPA Josiah Karanja
Director Finance and Accounts
ICPAK No. 8494




Fund Accountant
CPA Kamau Wachiuri
Principal Finance Officer
ICPAK No. 8192

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

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

II STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025			
	Note	2024-2025	2023-2024
		Kshs	Kshs
CURRENT ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	2,575,091	455,927
Current Portion of receivables from exchange transactions	6	2,297,869	2,630,979
TOTAL CURRENT ASSETS		4,872,960	3,086,906
NON CURRENT ASSETS			
Long term receivables from exchange transactions	7	8,798,241	10,296,687
TOTAL NON CURRENT ASSETS		8,798,241	10,296,687
TOTAL ASSETS		13,671,201	13,383,593
LIABILITIES			
Current Liabilities			
Accounts Payables – Deposits and retentions	8	2,357,878	2,357,878
Total		2,357,878	2,357,878
TOTAL ASSETS		11,313,323	11,025,715
REPRESENTED BY			
Revolving Fund	9	10,000,000	10,000,000
Accumulated Surplus/Deficit	10	1,313,323	1,025,715
Prior Year Adjustments			
NET FINANCIAL POSITION		11,313,323	11,025,715

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 10th November, 2025 and signed by:



Fund Administrator

Josiah Karanja
Director Finance and Accounts
 ICPAK No. 8494



Fund Accountant

CPA Kamau Wachiuri
Principal Finance Officer
 ICPAK No. 8192

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2024	10,000,000		1,025,715	11,025,715
Surplus/(deficit) for the period			287,608	287,608
Funds Received During the Year				
Tranfers From CRF	-			
Revaluation Gain			-	-
Balance as at 30th June 2025	10,000,000	-	1,313,323	11,313,323

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

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

Description	NOTE	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest Income Received	2	288,408	262,190
Receipts from other operating activities	3		598,332
Total Receipts		288,408	860,522
Payments			
Loans Issued	4	-	2,400,000
Bank Charges	4	800	5,330
Insurance	4	-	100,000
Total Payments		800	2,505,330
Cashflows from Operating activities		287,608	(1,644,808)
Net Cashflows from operating Activities	11	620,718	(2,636,423)
Cashflow From Investing Activities			
Disbursed Loans			
Proceeds from Loan Principal Repayments		1,498,446	1,356,140
Net cash flows from Investing Activities		1,498,446	1,356,140
Cashflows From Financing Activities			
Refunds of Car Grant			
Net Cashflows from financing activities			
Adjustments			
Net increase (decrease) in cash and cash equivalent		2,119,164	(1,280,283)
Cash and cash equivalent at BEGINNING of		455,927	1,736,210
Cash and cash equivalent at END of the year		2,575,091	455,927

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

18. Statement of Comparison of Budget and Actual Amounts for the period 2025

Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Receipts						
Public Contributions and Donations			-		-	
Transfers from the County Treasury	-		-	-	-	-
Interest Income	300,000		300,000	288,408	11,592	96
Other Income	-		-	-	-	
Total Income	300,000	-	300,000	288,408	11,592	96
Expenses						
Fund Administration Expenses	200,000	-	200,000	800	199,200	0.4
General Expenses	-	-	-	-	-	-
Finance Cost	-		-		-	
Total Expenditure	200,000	-	200,000	800	199,200	0.4
Surplus For the Period	100,000	-	100,000	287,608	(187,608)	288

19. Notes to Financial Statements

1. General Information

The county assembly of Embu car loan and mortgage scheme is established by and derives its authority and accountability from Section 116 of the PFM Act 2012 and the County Assembly of Embu Car Loan and Mortgage (Staff) scheme Regulations. The scheme is wholly owned by the County Assembly of Embu and is domiciled in Kenya. The schemes principal activity is lending Car loans and Mortgages to staff of the County Assembly of Embu to facilitate them deliver on their mandates.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

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

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

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

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

	<p>under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>No expected impact on the fund.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable f^t 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> <p>No expected impact on the fund.</p>

(iii) Early adoption of standards

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

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 entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of zero amounts on the FY 2024-2025 budget following the governing body's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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 actual as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a

replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

a) Intangible Assets

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

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

b) Financial instruments

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

Financial assets

Classification of financial assets

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

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

Subsequent measurement

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

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.

Financial liabilities

Classification

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

c) Inventories

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

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

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

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

d) 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.

e) 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.

f) Contingent liabilities

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

Contingent assets

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

g) Changes in accounting policies and estimates

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

h) 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.

i) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and

borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

j) Related parties

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

k) Cash and cash equivalents

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

l) Comparative figures

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

The fund comparative figures for the previous year have been reported.

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. There was no additional disclosure of these estimates of provisions.

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.

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. In the Financial year ending 30th June 2025 the Assembly made no provisions.

Notes to the Financial Statements Continued

1. Transfer from Exchequer

Description		2024/2025	2023/2024
		Kshs.	Kshs.
1	Transfer from Exchequer	-	-
Total		-	-

2. Interest Income

Description		2024-2025	2023-2024
Date		Kshs.	Kshs
Jul	Interest Income	25,742	22,882
Aug	Interest Income	25,434	22,589
Sep	Interest Income	25,125	22,296
Oct	Interest Income	24,816	22,011
Nov	Interest Income	24,505	21,737
Dec	Interest Income	24,194	21,462
Jan	Interest Income	23,883	21,186
Feb	Interest Income	23,570	20,910
Mar	Interest Income	23,257	20,633
Apr	Interest Income	22,943	20,356
May	Interest Income	22,628	20,078
Jun	Interest Income	22,312	26,049
Total		288,408	262,190

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

3. Other Incomes

Details	2024-2025	2023-2024
	Kshs.	Kshs.
Payables written off		598,332
Insurance Recoveries		100,000
Total	-	698,332

4. Use of Goods and Services

Details	2024-2025	2023-2024
	Kshs.	Kshs.
Bank Charges	800	5,330
Insurance on Loans		100,000
Total	800	105,330

5. Cash and Cash Equivalents

		2024-2025	2023-2024
	Date	Details	Kshs.
			Kshs.
		Name of Bank, Account Number	
		Car and Mortgage staff Acc – 51100012901	2,575,091
		Total	2,575,091
			455,927

6. Receivables

Details	2024-2025	2023-2024
Aug Uncredited Amount		51,330
March Credit Reversal		83,732
Unremitted March Principal		67,563
Unremitted March Interest		16,169
Unremitted Apr Principal		111,284
Unremitted Apr Interest		20,356
Unremitted May Principal	126,277	111,562
Unremitted May Interest	22,628	20,078

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

Unremitted June Principal	126,592	122,856
Unremitted June Interest	22,312	26,049
Remittances receivable	60	-
Unremitted Transfers from CRF	2,000,000	2,000,000
Total	2,297,869	2,630,979

7. Long Term Receivables from Exchange Transactions

NAME		2024-2025	2023-2024
		Kshs.	Kshs
1	Jim G Kauma	1,732,985	2,220,017
2	James Munyi Ileri	1,932,553	2,130,485
3	Moses Muchangi Karagirwa	1,077,411	1,611,270
4	Josiah Karanja	1,700,648	1,845,929
5	Boniface Muthomi	2,354,643	2,488,985
	Total	8,798,241	10,296,687

8. Accounts Payable

Description		2024-2025	2023-2024
		Kshs.	Kshs
	Accrued Insurance Charges	357,878	357,878
	Members Scheme Remittance	-	-
	Members Scheme Fund	2,000,000	2,000,000
	Total	2,357,878	2,357,878

9. Revolving Fund/ Fund Balance

Description		2024-2025	2023-2024
		Kshs.	Kshs
	Bal b/f	10,000,000	10,000,000
		10,000,000	10,000,000

*County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025*

10. Accumulated surplus/Deficit

Description	2024-2025	2023-2024
	Kshs.	Kshs
Surplus /Deficit B/f	1,025,715	170,523
Surplus /Deficit for the period	287,608	855,192
Surplus /Deficit c/d	1,313,323	1,025,715

11. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	287,608	(1,644,808)
Adjusted For:		
Working Capital Adjustments		
Increase In Receivables	333,109	(351,161)
Increase In Payables	-	(640,454)
Net Cash Flow From Operating Activities	620,718	(2,636,423)

12. Related Party Balances

a) Related Party Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers from Members Fund	-	-
Transfers from CRF	-	-
Total	-	-

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b) Due from Related Parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due from CRF	2,000,000	2,000,000
Total	2,000,000	2,000,000

c) Due to Related Parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due to Members Fund	2,000,000	2,000,000
Total	2,000,000	2,000,000

13. Credit Risk

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	11,096,110	11,096,110	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	2,575,091	2,575,091	-	-
Total	13,671,201	13,671,201	-	-
At 30 June 2024				
Receivables From Exchange Transactions	12,927,666	12,927,666	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	455,927	455,927	-	-
Total	13,383,593	13,383,593	-	-


**County Assembly of Embu Car Loan and Mortgage (Staff) scheme Fund
Annual Report and Financial Statements for year ended 30th June, 2025**

20. Annexes

Progress on Follow up of the Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Basis for Qualified Opinion	<p>Unreconciled Variance Between Statement of Comparison of Budget and Actual Amounts and the Statement of Financial Performance</p> <p>The statement of comparison of budget and actual amounts reflects actual surplus on a comparable basis of Kshs.156,860 while the statement of financial performance reflects a surplus of Kshs.855,192. The variance of an amount of Kshs.698,332 has not been explained or reconciled. In addition, the statement of comparison of budget and actual amounts reflects material performance differences which have not been explained in footnotes</p>	<p>This is noted. This was an error and has now been corrected. The figure of accumulated surplus in the statement of changes in Net Assets had been understated. This is because of a figure of Ksh. 598,332 that was included in the previous year payables a/c, which has now been recognized as an income. This amount related to an erroneous credit made by Family Bank to this account. The Bank A/c has since been closed down and transferred to Winas Sacco. The balance amount of Ksh. 100,000 was from insurance income deducted from members of staff who qualify and get a loan from the account. This recognizes the total aforementioned amount of Ksh. 698,332.</p>	Resolved	
2. Key Audit Matters	<p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not provided an explanation of how the issues were resolved.</p>	<p>This was noted. The unresolved prior year matters had not been included in the previous financial year 2022/2023 as this was the first year of the fund's operation. This was however included in the financial year statements 2023/2024.</p>	Resolved	


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CPA Josiah Karanja

Fund Administrator

County Assembly of Embu car loan and mortgage

(Staff) scheme fund

Budget Estimates for the Period 2024-2025

COUNTY ASSEMBLY OF EMBU CAR & MORTGAGE (STAFF) SCHEME FUND BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2024-2025			
DETAILS	Note	2024-2025	2023-2024
Receipts			
		Kshs.	Kshs.
Interest Income	1	200,000	300,000
Total Receipts		200,000	300,000
Expenses			
Use of Goods	2	100,000	100,000
Total Expenses		100,000	100,000
Surplus/Deficit		100,000	200,000

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Trial Balance For the Year Ended June 30th 2025

Embu County Staff Car & Mortgage

Trial Balance

1-Jul-24 to 30-Jun-25

Particulars	Embu County Staff Car & Mortgage 1-Jul-24 to 30-Jun-25	
	Closing Balance	
	Debit	Credit
Capital Account		10,000,000
<i>Revolving Fund</i>		10,000,000
Current Liabilities		2,357,878
<i>Accrued Insurance</i>		357,878
<i>Members Scheme Fund</i>		2,000,000
Current Assets	13,671,202	
Loans & Advances (Asset)	8,798,241	
1. <i>Jim Gitonga Kauma</i>	1,732,985	
2. <i>James Munyi Ileri</i>	1,932,553	
3. <i>Moses Mucangi Karagirwa</i>	1,077,411	
4. <i>Josiah Muhia Karanja</i>	1,700,648	
5. <i>Boniface Muthomi</i>	2,354,643	
Receivables - Short Term	2,297,809	
Bank Accounts	2,575,151	
<i>Winnas Sacco Account</i>	2,575,151	
Receipts		288,409
<i>Loan Interest Income</i>		288,409
Use of Goods & Services	800	
<i>Bank Charges</i>	800	
Profit & Loss A/c		1,025,715
Grand Total	13,672,002	13,672,002

Kungu