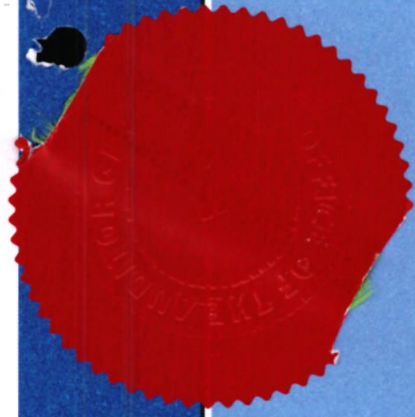


REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

	PAPERS LAID
DATE	5/3/2025
TABLED BY	Mogonyi
COMMITTEE	
CLERK AT THE TABLE	Angela

THE AUDITOR-GENERAL

ON

**MURANG'A COUNTY ASSEMBLY CAR LOAN
AND MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**



**MURANG'A COUNTY ASSEMBLY CAR LOAN AND MORTGAGE
SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

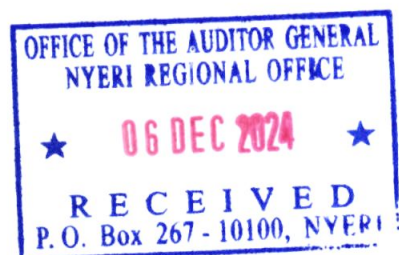


TABLE OF CONTENT

1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. Board of Trustees/ Fund Administration Committee	vi
4. Management Team	ix
5. Board/Fund Chairperson's Report	xii
6. Report of The Fund Administrator	xiii
7. Statement of Performance Against the County Fund's Predetermined Objectives	xiv
8. Corporate Governance Statement	xv
9. Management Discussion and Analysis	xviii
10. Environmental and Sustainability Reporting	xx
11. Report of The Trustees	xxi
12. Statement of Management's Responsibilities	xxii
13. Report of The Independent Auditor on the Financial Statements for Murang'a County Assembly Car Loan and Mortgage Scheme Fund	xxiii
14. Statement of Financial Performance for the Year Ended 30 th June 2024	1
15. Statement of Financial Position As at 30 June 2024	2
16. Statement of Changes in Net Assets for the year ended 30 th June 2024	3
17. Statement of Cash Flows for The Year Ended 30 June 2024	4
18. Statement of Comparison of Budget and Actual Amounts for the Year Ended 2024	5
19. Notes to the Financial Statements	6
20. Annexes	28

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
CASB	County Assembly Service Board
ECL	Expected Credit Loss
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
LSK	Law Society of Kenya
MCA	Member of County Assembly
PFM	Public Finance Management
PMP	Project Management Professional
PSASB	Public Sector Accounting Standards Board

b) Glossary of Terms

Fiduciary Management	The key management personnel who have financial responsibility.
Financial Year	The annual accounting period for which an institution's financial statements are prepared. In this case the financial year runs from July to June the following.
Interest	Refers to interest charged on a loan used to purchase a piece of property. The amount of interest owed is calculated as a percentage of the total amount of the mortgage issued by the lender at a rate of 3 per cent per month.
Mortgage	Refers to a type of loan used to purchase or maintain a home, land, or other types of real estate where the borrower agrees to pay the lender over time, typically in a series of regular payments that are divided into principal and interest.
Principal	Mortgage principal refers to the outstanding balance of your mortgage. Mortgage Principal is the amount borrowed from the lender, minus the amounts repaid to the lender, and which have been applied to the reduction of principal.

2. Key Entity Information and Management

a) Background information

Murang'a County Assembly Car loan and Mortgage (Members) and Murang'a County Assembly Car loan and Mortgage (Staff) Scheme Funds are established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Staff Scheme Fund) Regulations, 2017 on 1st September 2017.

The Fund is wholly owned by the Murang'a County Assembly and is domiciled in Kenya.

The Fund's principal activity is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

c) Board of Trustees/Fund Administration Committee

SN	Name	Position
1	Hon. Johnson Mukuha, PMP	Chairperson
2	Hon. Simon Mwaura Wamwea	Vice Chairperson
3	Hon. Elizabeth Wambui Mwangi	Member
4	Monicah Wanjiku Kangiri	Member
5	Vincent Stephen Macharia Kabiru	Member
6	W. Kuria Thuita	Secretary/ Clerk, County Assembly

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

d) Key Management Team

Ref	Name	Position
1	Hon. Simon Mwaura Wamwea	Chairperson
2	Hon. Francis Kibe Kamau	Vice Chairperson
3	Hon. Morris Thuku Gathoni	Member
4	Hon. Elizabeth Wambui Mwangi	Member
5	Hon. Laban Njaramba Chomba	Member
6	Hon. Chefman Isaac Njoroge	Member
7	W. Kuria Thuita	Clerk, County Assembly

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Chairperson Car & Mortgage Committee	Hon. Simon Mwaura Wamwea
2	Chairperson PIAC	Hon. Alex Ndunda Makau
3	Directorate Internal Audit	Mr. Edward Mungai

f) Registered Offices

Murang'a County Assembly
P.O. Box 731-10200
Along Murang'a - Kiria-ini Road
MURANG'A, KENYA

g) Fund Contacts

Telephone:(254) 709802497

E-mail:

murangacountyassembly@gmail.com

Website: www.assembly.muranga.go.ke

h) Fund Bankers

1. **Central Bank of Kenya**
Haile Selassie Avenue
P.O. Box 60000-00200
NAIROBI, KENYA

2. **Kenya Commercial Bank**
Murang'a Branch
P.O. Box 112-10200
MURANG'A, KENYA

3. **Family Bank**
Murang'a Branch
P.O. Box 82-10200
MURANG'A, KENYA

i) Independent Auditors



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

j) Principal Legal Adviser

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

**Murang’a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. Board of Trustees/ Fund Administration Committee

PASSPORT PHOTO	PROFILE
 <p>Hon. Johnson Mukuha, PMP Speaker of the County Assembly and Chair of the Murang’a County Assembly Service Board.</p>	<p>Hon. Johnson Mukuha is the Speaker of the County Assembly and Chair of the Murang’a County Assembly Service Board.</p> <p>He holds an MBA and BBA in project management from Business School of Costa Rica. He also holds Certificate in Project Management from Strathmore University and a Bachelor of Architecture.</p> <p>He also holds a Diploma in project management from Cambridge Association of managers and Diploma in Theology from PCEA.</p> <p>Hon. Johnson Mukuha has over ten-years private practice expertise that has equipped him to handle societal challenges and resolve the same with great acumen to the satisfaction of the concerned.</p>
 <p>Hon. Simon Mwaura Wamwea MCA, Ng’araria Ward.</p>	<p>Hon. Simon Mwaura Wamwea is an elected Member of the County Assembly representing Ng’araria Ward. He is the Chairperson of the Members Loan Management Committee and also a Member of the Murang’a County Assembly Service Board.</p> <p>He holds Diploma in Theology and Management, and a Certificate in Computer Studies. He is a renowned businessman.</p> <p>He served as an elected Member of the County Assembly representing Ng’araria Ward for the period between 2017 and 2022. He also served as the Majority chief whip during the second Assembly.</p> <p>He was the former councillor representing Ng’araria under the defunct local government system and previously worked as a Member of the Community Development Fund in Gatanga Constituency, Murang’a County.</p>

 <p>Hon. Elizabeth Wambui Mwangi MCA Kimorori/Wempa</p>	<p>Hon. Elizabeth Wambui Mwangi is an elected Member of Murang'a County Assembly representing Kimorori/Wempa ward. She is a member of the Murang'a County Assembly Service Board and also a Member of the Members Loan Management Committee.</p> <p>She holds a Diploma in Community Development (Health Practitioner), Certificate in Leadership (East Africa Institute), Certificate in County Governance and is a Certified Digital Marketer.</p> <p>Hon. Elizabeth holds vast experience having been a Member of the Second County Assembly of Murang'a and the Vice Chair of the Trade and Industrialization Committee.</p> <p>She was the former councillor Makuyu under the defunct local authority and vice chair town council (Makuyu).</p>
 <p>Monicah Wanjiku Kangiri Member of the Board</p>	<p>Monicah Wanjiku Kangiri is a resident of Murang'a County and a Member of the County Assembly Service Board.</p> <p>She holds a Bachelor of Business Administration (Marketing) and a Diploma in Marketing Management.</p> <p>She has vast experience in Marketing and Finance having been a sales Executive-Kenya Nut Company Ltd, Sales Supervisor-Kenya Nut Company Ltd and a financial Advisor-Pan Africa Insurance.</p>
 <p>Vincent Stephen Macharia Kabiru Member of the Board</p>	<p>Vincent Stephen Macharia Kabiru is a resident of Murang'a County and a member of the County Assembly Service Board.</p> <p>He holds a Bachelors of Arts in Economics and Sociology.</p> <p>He has vast experience and knowledge in the Insurance Industry having been an Insurance Officer-Stallion Insurance Company Ltd and Branch Manager-Stallion Insurance Company Ltd.</p> <p>Vincent also previously served as a Marketing Manager, Corporate Insurance Company Ltd, General Manager/Principal Officer of Maclly Insurance Brokers Ltd and Operations Director of Nanap Ventures and Insurance Agency.</p>

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**






Mr. W. Kuria Thuita
Clerk of the County
Assembly

Mr. W. Kuria Thuita is the Clerk of the County Assembly of Murang'a since September 15, 2020. He is the accounting officer, the Chief Executive Officer and the Secretary to the County Assembly Service Board. He is the Chief Advisor to the Speaker on Legislative procedures and practices.

He is an Advocate of the High Court of Kenya currently undertaking his Masters of Law, holds a Post Graduate Diploma in Law, a Bachelor of Law and Diploma in Information Technology.

Mr. Kuria previously worked as Deputy County Secretary and Sub County Administrator at Murang'a County Government, Chief Administrative Officer and Assistant Administrator at Athi River Construction Company Limited and Credit Administrator at Equity Bank Limited.

4. Management Team

PASSPORT PHOTO	PROFILE
 <p>Hon. Simon Mwaura Wamwea MCA, Ng'araria Ward</p>	<p>Hon. Simon Mwaura Wamwea is an elected Member of the County Assembly representing Ng'araria Ward. He is the Chairperson of the Members Loan Management Committee and also a Member of the Murang'a County Assembly Service Board.</p> <p>He holds Diploma in Theology and Management, and a Certificate in Computer Studies. He is a renowned businessman.</p> <p>He served as an elected Member of the County Assembly representing Ng'araria Ward for the period between 2017 and 2022. He also served as the Majority chief whip during the second Assembly.</p> <p>He was the former councillor representing Ng'araria under the defunct local government system and previously worked as a Member of the Community Development Fund in Gatanga Constituency, Murang'a County.</p>
 <p>Hon. Francis Kibe Kamau, MCA Ithiru Ward, Leader of Majority Party</p>	<p>Hon. Francis Kibe Kamau is the Vice Chairperson of the Members Loan Management Committee. He is currently the Leader of Majority of Murang'a County Assembly.</p> <p>He holds of Bachelors of Commerce. He is also a Certified Public Accountant of Kenya (CPA-K). Has previously worked in management positions and as an accountant in various institutions.</p> <p>Hon. Francis Kibe served as an elected Member of the County Assembly for Ithiru ward for the period between 2017 and 2022. He was the chair of the Budget and Appropriation committee and a Member of the Finance, Liaison and Education Committees during the 2nd Assembly.</p>
 <p>Hon. Morris Thuku Gathoni</p>	<p>Hon. Morris Thuku Gathoni is an elected Member of the Murang'a County Assembly representing Kiru Ward since 2017. He is currently serving as the Chief whip and also a Member of the Loan Management Committee.</p> <p>He holds a Masters in Computer Science, Degree in computer engineering, Diploma in Computer Science and CPA I & II.</p> <p>Hon. Morris Thuku previously worked at Innovation Africa between 2008 and 2010 as the Chief Software Engineer. He is also the technical director of Opus Systems, a software company.</p>

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

MCA Kiru Ward	
 <p>Hon. Elizabeth Wambui Mwangi MCA Kimorori/Wempa</p>	<p>Hon. Elizabeth Wambui Mwangi is an elected Member of Murang'a County Assembly representing Kimorori/Wempa ward. She is a member of the Murang'a County Assembly Service Board and also a Member of the Members Loan Management Committee.</p> <p>She holds a Diploma in Community Development (Health Practitioner), Certificate in Leadership (East Africa Institute), Certificate in County Governance and is a Certified Digital Marketer.</p> <p>Hon. Elizabeth holds vast experience having been a Member of the Second County Assembly of Murang'a and the Vice Chair of the Trade and Industrialization Committee.</p> <p>She was the former councillor Makuyu under the defunct local authority and vice chair town council (Makuyu).</p>
 <p>Hon. Laban Njaramba Chomba MCA Kambiti Ward</p>	<p>Hon. Laban Njaramba Chomba is an elected Member of the County Assembly representing Kambiti Ward.</p> <p>He is a Member of the Members Loan Management Committee.</p> <p>He holds a Diploma in Sociology (Bridge Institution) and a Certificate in Computer Applications.</p> <p>He is a renowned businessman within Murang'a and its environ spanning for a period of twenty-one years.</p>
 <p>Hon. Chefman Isaac Njoroge MCA Kahumbu Ward</p>	<p>Hon. Chefman Isaac Njoroge is an elected Member of the Murang'a County Assembly representing Kahumbu Ward.</p> <p>He is a Member of the Members Car Loan and Mortgage Management Committee.</p> <p>He holds a Bachelor's Degree in Business Administration (Commerce), Diploma in Sales, Marketing and Management and a Diploma in Purchasing and Supplies Management.</p> <p>Hon. Chefman has been the regional manager Premier Group of Companies, Operations Manager at Denca Contractors and a Consultant at Kivi Limited.</p>



Mr. W. Kuria Thuita
Clerk of the County
Assembly

Mr. W. Kuria Thuita is the Clerk of the County Assembly of Murang'a since September 15, 2020. He is the accounting officer, the Chief Executive Officer and the Secretary to the County Assembly Service Board. He is the Chief Advisor to the Speaker on Legislative procedures and practices.

He is an Advocate of the High Court of Kenya currently undertaking his Masters of Law, holds a Post Graduate Diploma in Law, a Bachelor of Law and Diploma in Information Technology.

Mr. Kuria previously worked as Deputy County Secretary and Sub County Administrator at Murang'a County Government, Chief Administrative Officer and Assistant Administrator at Athi River Construction Company Limited and Credit Administrator at Equity Bank Limited.

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

5. Board/Fund Chairperson's Report

The County Assembly established the Car and Mortgage Scheme for its members and staff. During the period ending June 30, 2023 the Scheme approved budget was Kshs. 179,050,000. In the third Assembly the Murang'a County Assembly Service Board approved the appointment of the following members of the Board.

Ref	Name	Position
1	Hon. Johnson Mukuha, PMP	Chairperson
2	Hon. Simon Mwaura Wamwea	Member
3	Hon. Elizabeth Wambui Mwangi	Member
4	Monicah Wanjiku Kangiri	Member
5	Vincent Stephen Macharia Kabiru	Member
6	W. Kuria Thuita	Secretary/ Clerk, County Assembly

The performance of the fund has been moderate as the Fund does not have the capacity to advance Mortgage and Car Loan facilities to all members when they report due to lack of enough funds. The Fund is also not able to meet the demands by staff who want the facilities due to unavailability of funds. This leads to delay and reduction of the benefits due to passage of time.

The future outlook of the fund involves ensuring recovery of all the money advanced to members by May 2027 before their term ends. This will enable the Assembly to give Mortgage and Car Loans to the new members who will report in September 2027. The Board/Management Team also intends to give facilities to more staff who have not benefited from the fund. The Board/Management Team will also continue budgeting for more money to increase the worth of the fund and hope that the same will be released to be able to effectively cater for Members and Staff as this is a benefit they are entitled to.

The Assembly has tried its best to manage the Fund and to balance the interest of members and staff. The Assembly hopes that more money will be released to the Fund so that everybody can benefit.

.....


Signed:

**Hon. Johnson Mukuha, PMP
Chairperson of the Board/Fund**

.....
07/11/2024

Date

6. Report of The Fund Administrator

The County Assembly established the Car and Mortgage Scheme fund for its members and staff. The fund is established Pursuant to Section 116 of the Public Finance Management Act and the following Regulations that govern the fund:

- i) The Public Finance Management (Murang'a County Assembly members mortgage scheme fund regulations, 2014
- ii) The Public Finance Management (Murang'a County Assembly members' car loan scheme fund regulations, 2014
- iii) The Public Finance Management (Murang'a County Assembly mortgage (staff) scheme fund regulations, 2017
- iv) The Public Finance Management (Murang'a County Assembly car loan (staff) scheme fund regulations, 2017

The County Assembly established the Car and Mortgage Scheme for its members and staff. During the period ending June 30, 2024 the Scheme approved budget was Kshs. 96,648,817. The original budget for FY 2023/2024 was approved by the County Assembly on June 26, 2023 of Kshs. The budget for transfers from county government was Kshs. 25,000,000 while the budget for interest was Kshs. 10,131,570. Additionally, the Murang'a County Assembly Car Loan and Mortgage Scheme Fund received Kshs. 61,517,247 as receipts from principal repayments. The Fund did not receive any amount from the transfers. The actual amount received from receipts from principal repayments and interest was Kshs. 55,924,770 and Kshs. 9,210,518 respectively.

**Murang’a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Introduction

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

The key development objectives of the Murang’a County Assembly Car and Mortgage Scheme’s 2018-2022 plan are to:

- a) Provide a loan scheme for the purchase of vehicles by Members of the scheme
- b) Provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Details	Details	Details
Program	Provision of loan to members for the purchase of vehicles.	Provision of loan for purchase, development, renovation or repair of residential property by the members of the scheme.
Objective	To provide a loan scheme for the purchase of vehicles by Members of the scheme.	To provide loan for purchase, development, renovation or repair of residential property by the members of the scheme.
Outcome	Increased efficient transportation of members & time management by members and staff.	Increased housing facility for both members & staff of the Murang’a County Assembly.
Indicator	Increased in the % of motor-able & passable roads within the County.	Increased number of members with the residential facilities.
Performance	In FY 2020/2021 one member acquired car loan facility.	In FY 2020/2021 a total of seven (members & staff) benefited from the mortgage facility.

8. Corporate Governance Statement

The Car Loan and Mortgage Management Committee meeting and the attendance for the period ending June 30, 2024 is shown below.

Name	Position	No. of meetings held	No. of meetings present	No. of meetings absent
Hon. Simon Mwaura Wamwea	Chairperson	20	20	0
Hon. Francis Kibe Kamau	Vice Chairperson	20	20	0
Hon. Morris Thuku Gathoni	Member	20	18	2
Hon. Elizabeth Wambui Mwangi	Member	20	20	0
Hon. Laban Njaramba Chomba	Member	20	20	0
Hon. Chefman Isaac Njoroge	Member	20	20	0
W. Kuria Thuita	Clerk, County Assembly	20	18	2

The succession plan is with regards to the composition of the Board of Trustees/Management team which is dependent on the political cycle. Section 12 (5) and (6) of the County Government Act Provides that:

(5) A member of the county assembly service board shall vacate office—

(a) if the person is a member of the county assembly

(i) at the end of the term of the county assembly; or

(ii) if the person ceases to be a member of the county assembly; or

(b) if the person is an appointed member, on revocation of the person's appointment by the county assembly; or

(c) if the person is the Speaker, when the person ceases to be such Speaker.

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

(6) Despite subsection (5), when the term of the county assembly ends, a member of the county assembly service board under subsection (3)(d) shall continue in office until a new member has assumed office in the member's place in the next assembly.

With regards to the Management Team, the composition is made up of Members of the County Assembly and hence the management team is dissolved when their term ends. In the event that any changes occur within the five-year period, the new member(s) is properly inducted to understand how the fund operates and his/her role. When the new Members of the County Assembly report, the Board shall approve appointment of new members to the Management Team.

The roles and functions of the Board are stipulated under Section 12 (7) of the County Government Act and Section 11 of the County Assembly Services Act respectively as shown below:

(7) The county assembly service board is responsible for—

- (a) providing services and facilities to ensure the efficient and effective functioning of the county assembly;
- (b) constituting offices in the county assembly service, and appointing and supervising office holders;
- (c) preparing annual estimates of expenditure of the county assembly service and submitting them to the county assembly for approval, and exercising budgetary control over the service;
- (d) undertaking, singly or jointly with other relevant organizations, programmes to promote the ideals of parliamentary democracy; and
- (e) performing other functions
 - (i) necessary for the well-being of the members and staff of the county assembly; or
 - (ii) prescribed by national legislation.

11. Functions of the Board

(1) The Board shall—

- (a) direct and supervise the administration of the services and facilities provided by, and exercise budgetary control over, the Service;
- (b) determine and review the terms and conditions of service of persons holding or acting in the offices of the Service;

(c) initiate, co-ordinate and harmonize policies and strategies relating to the development of the Service;

(d) initiate programmes

(i) for training and capacity building of members and staff of the county assembly and other persons;

(ii) that promote ideals of parliamentary democracy as set out in Article 127(6)(d) of the Constitution; and

(iii) that promote public awareness and participation in the activities of the county assembly; and

(e) do such other things as may be necessary for the well-being of the members and staff of the county assembly.

(2) In the performance of its functions under this Act, the Board shall apply—

(a) the national values and principles of governance set out in Article 10 of the Constitution; and

(b) the values and principles of public service set out in Article 232(1) of the Constitution.

Murang'a County Assembly Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

Murang'a County Assembly Car loan and Mortgage (Members) and Murang'a County Assembly Car loan and Mortgage (Staff) Scheme Funds are established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan (Staff Scheme Fund) Regulations, 2017 on 1st September 2017. The Fund further derive its authority from County Assembly Members Mortgage Scheme Fund Regulations, 2014 and Murang'a County Assembly Mortgage (Staff) Scheme Fund Regulations, 2017. The Fund is wholly owned by the County Government of Murang'a and is domiciled in Kenya.

The management committee allocated funds to members considering;

- a) Duly filled application forms and amount applied for by the member,
- b) A summarized assessment of the members' repayment capability,
- c) A security provided and forced sale value of such security. The committee resolved that only valid certificates of title, either leasehold or freehold shall be accepted, and
- d) Duly executed transfer forms in favour of the County Assembly Service Board.

All the loans have been secured with title deeds, log books or leasehold properties certificates. All the car loans and mortgages have been insured. The insurance covers the following risks among others: loss of seat pursuant to Article 194 of the Constitution of Kenya, death and permanent disability. As a provisional measure, the committee retains 3 percent of the loan amount for the purposes of procuring the insurance cover.

The committee has faced some challenges in the management of the car loan and mortgage:

- a) Inadequate understanding by members on the need to provide security for the loans.
- b) Inadequate awareness by the members on the procedure for applications of the loans.
- c) Inadequate skills of secretariat with regards to managing the accounts and books of the committee. The secretariat has had to learn most of the things on the job as there was no reference point for most of the questions/ challenges the secretariat is faced with.
- d) Inadequate understanding by members on the mortgage process and the need to take time

to establish uniform laid down procedures from the start to the end of the entire car loan/ mortgage process.

- e) Lack of adequate funds. The fund requires at least Kshs. 300,000,000 in order to be able to cater for all the members of the scheme.

10. Environmental and Sustainability Reporting

Murang'a County Assembly car and mortgage scheme fund exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on our pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar;

- (i) Sustainability strategy and profile;
- (ii) Environmental performance;
- (iii) Employee welfare;
- (iv) Market place practices; and
- (v) Community Engagements.

During the reporting period, the fund trained the staff included in the management and the loan management committee. However, due to budgetary constraints no other Corporate Social Responsibility activities were undertaken.

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 31.

Trustees

The members of the Board of Trustees who served during the year are shown on pages (vii) to (ix) as shown below:

- i. Hon. Johnson Mukuha, PMP
- ii. Hon. Simon Mwaura Wamwea
- iii. Hon. Elizabeth Wambui Mwangi
- iv. Monicah Wanjiku Kangiri
- v. Vincent Stephen Macharia Kabiru
- vi. W. Kuria Thuita

There were no changes in the Board during the financial year 2023/2024.

Auditors

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

By Order of the Board


.....

Chair of the Board/Fund Administration Committee

07/11/2024
.....

Date

**Murang’a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Public Finance Management (Murang’a County Assembly Car and mortgage Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

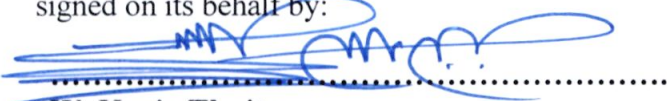
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance Management (Murang’a County Assembly Car and mortgage Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

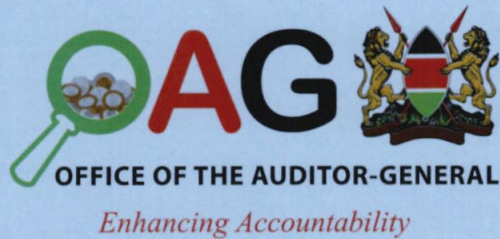
The Fund’s financial statements were approved by the Board on 07/11 2024 and signed on its behalf by:



W. Kuria Thuita
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MURANG'A COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Murang'a County Assembly Car loan and Mortgage Scheme Fund set out on pages 1 to 29, which comprise of the

Report of the Auditor-General on Murang'a County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2024

statement of financial position as at 30 June, 2024, 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 the Murang'a County Assembly Car loan and Mortgage Scheme Fund as at 30 June, 2024, 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 the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Irregular Amalgamation of Four Separate Funds into One

As previously reported, the county assembly of Murang'a established four separate funds as follows:

- i. County Assembly Car Loan Scheme Fund vide Legal Notice No.1 of 2014
- ii. County Assembly Members Mortgage Scheme Fund vide Legal Notice No.2 of 2014
- iii. Murang'a Assembly Mortgage Staff Scheme Fund vide Legal Notice No.2 of 2017;
and
- iv. Murang'a County Assembly Car Loan (Staff) Scheme Fund vide Legal Notice No.3 of 2017.

The Fund Management however, prepared and submitted for audit, one set of amalgamated financial statements for the funds for the year ended 30 June, 2024. The operations of the four (4) funds are distinct and no legislation has been passed for the amalgamation of the four (4) funds.

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

Emphasis of Matter

Budgetary Control and Performance

The Statement of comparative budget and actual amount reflects final budget and actual on a comparable basis of Kshs.96,648,817 and Kshs.65,135,288 respectively resulting to an under funding Kshs.31,513,529 or 32% of the budget.

The underfunding may affect the planned activities and negatively impact service delivery to the public.

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 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

Conclusion

The Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information and Management, profiles of Trustees and Fund Administration Committee, Management Team, board/Fund Chairperson's report, report of the Fund Administrator, Management Discussion and Analysis, Corporate Governance Statement, Management Discussion Analysis, Environmental and Sustainability Reporting, Report of Trustees and Statement of Management Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on 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 and I am required to report that fact.

Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements

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.

Other Matter

Implementation of Prior Year Audit Issues

Various prior year audit issues raised under the report on financial statements, and report on Lawfulness and Effectiveness in Use of Public Resources remained unresolved as at 30 June, 2024. Further, the Management has not given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury.

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 4000. The standard requires 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 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 Trustees

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.

The Trustees 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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

20 December, 2024

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

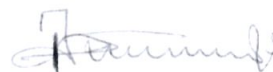
14. Statement of Financial Performance for the Year Ended 30th June 2024

	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	9,210,518	6,244,458
Other income	5	-	-
Total revenue		9,210,518	6,244,458
Expenses			
Employee costs	6	-	-
Use of goods and services	7	5,082,766	6,110,580
Finance costs	8	-	-
Total expenses		5,082,766	6,110,580
Other gains/(losses)		-	-
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit) for the period		4,127,752	133,878

(The notes set out on pages 17 to 27 form an integral part of these Financial Statements)



**Name: W. Kuria Thuita
Administrator of the Fund**



**Name: David K. Mwangi
Fund Accountant
ICPAK Member Number: 9322**

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

15. Statement of Financial Position As at 30 June 2024

	Note	FY 2023/2024	FY 2022/2023
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	10	38,807,679	58,810,157
Current portion of Receivables from exchange transactions	11	85,507,978	54,040,973
Prepayments	12	-	2,320,374
Total Current Assets		124,315,657	115,171,504
Non-current assets			
Long term receivables from exchange transactions	11	241,424,285	246,912,968
Total non - current assets		241,424,285	246,912,968
Total assets		365,739,942	362,084,472
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	14	856,200	1,328,483
Total current liabilities		856,200	1,328,483
Total liabilities		856,200	1,328,483
Net assets		364,883,742	360,755,989
Revolving Fund		349,162,999	349,162,999
Reserves		-	-
Accumulated Surplus		15,720,743	11,592,990
Net Assets		364,883,742	360,755,989

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 7/11 2024 and signed by:



.....
Name: **W. Kuria Thuita**
Administrator of the Fund



.....
Name: **David K. Mwangi**
Fund Accountant
ICPAK Member Number: 9322

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at July 2022	203,376,499	-	11,459,113	214,835,612
Surplus/(deficit) for the period	-	-	133,878	133,878
Funds received during the period	145,786,500	-	-	105,686,500
Revaluation gain	-	-	-	-
Balance as at June 2023	349,162,999	-	11,592,990	360,755,989
Balance as at July 2023	349,162,999	-	11,592,990	360,755,989
Surplus/(deficit) for the period	-	-	4,127,752	4,127,752
Funds received during the period	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at June 2024	349,162,999	-	15,720,743	364,883,742

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

17. Statement of Cash Flows for The Year Ended 30th June 2024

	Note	FY 2023/2024	FY 2022/2023
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Interest received	4	9,210,518	6,244,458
Receipts from other operating activities		-	-
Total Receipts		9,210,518	6,244,458
Payments			
Employee costs	6	-	-
Use of goods and services	7	5,082,766	6,110,580
Depreciation & amortization expenses		-	-
Finance costs	8	-	-
Total Payments		5,082,766	6,110,580
Net cash flows from operating activities	16	4,127,752	133,878
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from loan principal repayments		55,924,770	17,484,604
Loan disbursements paid out/ Car grant paid		(80,055,000)	(182,630,000)
Net cash flows used in investing activities		(24,130,230)	(165,145,396)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	145,786,500
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	145,786,500
Net increase/(decrease) in cash and cash equivalents		(20,002,478)	(19,225,018)
Cash and cash equivalents at July 2023	10	58,810,157	78,035,175
Cash and cash equivalents at June 2024	10	38,807,679	58,810,157

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

18. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30th June 2024

	Original Budget	Adjustments/ Supplementary	Final Budget	Actual on comparable basis	Performance difference	% Utilization
	June-2024	June-2024	June-2024	June-2024	June-2024	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from county government	25,000,000	-	25,000,000	-	25,000,000	0%
Receipt From Principal Repayments	61,517,247	-	61,517,247	55,924,770	5,592,477	91%
Interest income	10,131,570	-	10,131,570	9,210,518	921,052	91%
Total income	96,648,817	-	96,648,817	65,135,288	31,513,529	
Expenses						
Loan issued	86,517,247	-	86,517,247	80,055,000	6,462,247	93%
Use of goods and services	10,131,570	-	10,131,570	5,082,766	5,048,805	50%
Staff costs	-	-	-	-	-	
Finance cost	-	-	-	-	-	
Total expenditure	96,648,817	-	96,648,817	85,137,766	11,511,052	

Budget notes

In the Financial Year ended June 30, 2024 a total of Kshs. 55,924,770 was received from principal repayments. The bank balance as at 1st July 2023 was 48,947,666. The total of Kshs. 104,872,666 was used to issue car loan and mortgage of Kshs. 80,055,000 to Members and staff of the Murang'a County in the FY 2023/2024.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Murang'a County Assembly Car Loan and Mortgage Scheme Fund is established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Staff Scheme Fund) Regulations, 2017 on 1st September 2017. The Fund's principal activity is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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	<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.

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<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.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g., valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: 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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.

(i) 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 entity's financial statements.)*

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by Murang'a County Assembly on June 26, 2023 Kshs. 96,648,817. 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 xxxxx on the FY 20xx budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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)

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest income from members mortgage loan	4,410,074	1,955,312
Interest income from staff mortgage loan	4,460,822	4,133,187
Interest income from car loan	339,622	155,959
Total	9,210,518	6,244,458

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

5. Other income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total	-	-

6. Employee Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Committee Allowances	5,057,400	6,068,000
Bank Charges	25,366	42,580
Insurance Costs	-	-
Other expenses	-	-
Total	5,082,766	6,110,580

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

8. Finance costs

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

10. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	38,807,679	58,810,157
Others	-	-
Total	38,807,679	58,810,157

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

Financial institution	Account Number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Current account			
Family bank	006000027988	28,739,719	52,763,168
Family bank	006000035412	1,684,732	501,981
Family bank	006000035411	5,326,575	2,558,918
Family bank	006000035763	3,056,653	677,312
KCB bank (closed)	1167298535	-	2,233,970
KCB bank (closed)	1167297733	-	74,808
Total		38,807,679	58,810,157

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Receivables		
Interest receivable	2,230,077	2,538,393
Current loan repayments due: members mortgage	45,430,146	32,319,261
Current loan repayments due: staff mortgage	14,284,836	11,866,263
Current loan repayments due: car loan	3,655,238	2,115,033
Other exchange debtors	19,907,681	5,202,023
Total Current receivables	85,507,978	54,040,973
Non-Current receivables		
Long term members mortgage loan repayments due	89,645,840	111,272,650
Long term staff mortgage loan repayments due	144,603,530	126,740,392
Long term car loan repayments due	7,174,915	8,899,926
Total Non-current receivables	241,424,284	246,912,968
Total receivables from exchange transactions	326,932,262	300,953,941

Additional disclosure on interest receivable

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

12. Prepayments

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	2,320,374
Total	-	2,320,374

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

13. Inventories

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Total	-	-

14. Trade and other payables from exchange transactions

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
Trade Payables	-		-	
Accrued insurance costs	856,200		1,328,483	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total	856,200		1,328,483	
Ageing analysis (Trade and other payables)	FY 2023/2024	% of the Total	FY 2022/2023	% of the Total
Under one year	856,200	100%	1,328,483	100%
1-2 years	0	0	0	0
2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total	856,200		1,328,483	

15. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due to Discount and Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

16. Cash generated from operations

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	4,127,752	133,878
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	4,127,752	133,878

17. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From Related Parties'	-	105,686,500
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

d) Due from related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

e) Due to related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

18. Contingent assets and contingent liabilities

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

19. Financial risk management

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

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

a) Credit risk

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

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	326,932,262	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	38,807,679	-	-	-
Total	365,739,941	-	-	-
At 30 June 2023				
Receivables From Exchange Transactions	300,953,941	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	58,810,157	-	-	-
Total	359,764,098	-	-	-

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

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

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

b) Liquidity risk management

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

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

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	856,200	856,200
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	856,200	856,200
At 30 June 2023				
Trade Payables	-	-	1,328,483	1,328,483
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	1,328,483	1,328,483

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	38,807,679	-	38,807,679
Debtors/ Receivables	365,739,941	-	365,739,941
Liabilities			
Trade And Other Payables	856,200	-	856,200
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
FY 2023/2024			
Euro	10%	-	-
USD	10%	-	-
FY 2022/2023			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

d) Capital risk management.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	349,162,999	349,162,999
Accumulated surplus	15,720,743	11,592,990
Total funds	364,883,742	360,755,989
Total borrowings		
Less: cash and bank balances	38,807,679	58,810,017
Net debt/(excess cash and cash equivalents)	(38,807,679)	(58,810,017)
Gearing	10.64%	16.30%

20. Events after the reporting period

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

21. Ultimate and Holding Entity

The entity is a County Public Fund established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Staff Scheme Fund) Regulations, 2017 on 1st September 2017. Its ultimate parent is the County Government of Murang'a.

22. Currency

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

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

20. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No.	Issue/ Observations from Auditor	Management comments	Status	Time frame
1	<p>Unreconciled Variances for Proceeds from Loan Principal Repayments</p> <p>The statement of cash flows reflects Kshs. 17,848,604 under cash flows from investing activities in respect to proceeds from loan principal repayments. However, the supporting schedules provided for audit review reflected an amount of Kshs. 26,378,605 resulting to a variance of Kshs. 8,894,000 which had not been explained or reconciled.</p> <p>In the circumstances, the accuracy and completeness of loan principal repayments of Kshs. 17,848,604 could not be confirmed.</p>	<p>The amount reflects the actual principal received during the financial year ended 30th June 2023. Schedules supporting the amount is attached for audit verification.</p>	Resolved	N/A
2	<p>Irregular Amalgamation of Four Separate Funds into One</p> <p>As previously reported, Murang'a County Assembly established four (4) separate Funds as follows:</p> <ol style="list-style-type: none"> County Assembly Members Car Loan Scheme Fund vide Legal Notice No. 1 of 2014; County Assembly Members Mortgage Scheme Fund vide Legal Notice No. 2 of 2014; Murang'a County Assembly Mortgage Staff Scheme Fund vide Legal Notice No. 2 of 2017; and Murang'a County Assembly Car Loan (Staff) Scheme Fund vide Legal Notice No. 3 of 2017. <p>The Fund Management, however, prepared and submitted to the Auditor-General one set of amalgamated financial statements of the Funds for the year ended 30 June, 2022. Although, the operations of the four (4) Funds are distinct, no legislation has been passed for the amalgamation of the four (4) Funds.</p> <p>In the circumstances, the amalgamation of the four Funds' financial statements for the year ended 30 June, 2023 into one is inconsistent with the law.</p>	<p>Murang'a County Assembly has a Bill in process to have two Acts:</p> <p>County Assembly Members Car Loan and Mortgage Scheme Fund and County Assembly Staff Car Loan and Mortgage Scheme Fund.</p>	Not Resolved	31/12/2024
3	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 182,000,000 and Kshs. 152,030,958 respectively</p>	<p>The underfunding of Murang'a County Assembly Car Loan and Mortgage scheme was as a result of less</p>	Not Resolved	N/A

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>resulting in underfunding of Kshs. 29,969,042 or 16.5% of the budget. In the circumstances, the underfunding affected planned activities and may have negatively impacted on the service delivery to the public.</p>	<p>receipts from exchequer. The Fund leadership will engage the County leadership to curb underfunding.</p>		
4	<p>Default in Repayment of Mortgage Funds. The financial statements reflect Kshs. 300,953,941 in respect of total receivables from exchange transactions as disclosed in Note 11. However, analysis of the staff mortgage loan statement revealed two (2) officers had not made repayments to their loans amounting to Kshs. 1,976,904 towards their loans and the management had not made any initiatives to recover these outstanding debts. In the circumstances, the effectiveness of the internal control mechanisms employed by the Fund could not be confirmed.</p>	<p>The management have been in contact with the said officers as to how best they plan to clear their outstanding loan balances. Correspondence written to the officers are available for audit verification. The Fund Management is in the process of auctioning the charged properties to recover outstanding loan balances.</p>	Not Resolved	31/12/2024

.....
W. Kuria Thuita
Administrator of the Fund

07/11/2024

.....
Date

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Annex II: Inter-Fund Confirmation Letter



The Murang'a County Assembly Car Loan and Mortgage Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Murang'a County Assembly Car Loan and Mortgage Scheme Fund as at 30th June 2024

Reference Number	Date Disbursed	Amounts Disbursed by Murang'a County Assembly Car Loan and Mortgage Scheme Fund as at 30 th June 2024				Amount Received by Murang'a County Assembly Car Loan & Mortgage Fund as at 30.06.2024 (E) (Kshs)	Differences (F)=(D-E) (Kshs)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C) (Kshs)		
1		0	0	0	0	0	0
2		0	0	0	0	0	0
3		0	0	0	0	0	0
4		0	0	0	0	0	0
5		0	0	0	0	0	0
6		0	0	0	0	0	0
7		0	0	0	0	0	0
Total		0	0	0	0	0	0

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

.....
David K. Mwangi
Fund Accountant

7/11/2024

.....
Date

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Annex III: Reporting of Climate Relevant Expenditures

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

Annex IV: Reporting on Disaster Management Expenditure

Column I	Column I	Column I	Column I	Column I	Column I	Column I
Programme	Sub-Programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments