

REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**ELGEYO MARAKWET COUNTY EXECUTIVE
CAR AND MORTGAGE REVOLVING FUND**

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

PAPERS LAID	
DATE	26/11/25.
TABLED BY	J.M.L
COMMITTEE	-
CLERK AT THE TABLE	Belinda





OFFICE OF THE AUDITOR GENERAL
ELDORET REGIONAL OFFICE

22 SEP 2025

RECEIVED
P. O. Box 2774 - 30100, ELDORET

**ELGEYO MARAKWET COUNTY EXECUTIVE CAR & MORTGAGE
REVOLVING FUND**

COUNTY GOVERNMENT OF ELGEYO MARAKWET

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

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

2. Key Entity Information and Management

a) Background information

Elgeyo Marakwet County Executive Car and Mortgage Fund is established by and derives its authority and accountability from The Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act, 2015 on 6th March, 2015. The Fund is wholly owned by the County Government of Elgeyo Marakwet and is domiciled in Kenya.

The fund's objective is to provide loan scheme for the purchase of vehicles, house or land for development, renovation and repair of residential property by members of the scheme

b) Principal Activities

The fund's objective is to provide loan scheme for the purchase of vehicles, house or land for development, renovation and repair of residential property by members of the scheme

c) Fund Administration Committee

Ref	Name	Position
1	Edwin Kibor	Chairman of the Fund
2	Alphaeus K. Tanui	Vice Chairman
3	Jason K. Lagat	Committee Member
4	Monicah J. Rotich	Committee Member
5	Purity Koima	Committee Member

d) Key Management team

Ref	Name	Position
1	Fund Administrator	JohnKeen Murkeu Jairo
2	Fund Accountant	David Chebii
3	Chief Officer - Finance and Economic Planning	Kipruto Chesos
4	CEC -Finance and Economic Planning	Alphaeus K. Tanui
5	Accountant	Sheila Birir

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements include:

SN	Position	Name
1	Directorate Internal Audit	Philip Seronei
2	Staff car Mortgage and car Loan Advisory Committee	

f) Registered Offices

P.O. Box 220-30700
Elgeyo Marakwet County Building, Iten Town
Iten-Kabarnet Road
Iten, Kenya

g) Fund Contacts

Telephone: 053-4142277
E-mail: elgeyomarakwet.go.ke
Website: www.elgeyomarakwet.go.ke

h) Fund Bankers

Access Bank Ltd
P.O. Box 34353-00200
Nairobi

2. Cooperative Bank
P.O. Box 48231-00100
Nairobi

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

P.O. Box 220-30700
Elgeyo Marakwet County Headquarters Building, Iten Town
Iten-Kabarnet Road
Iten, Kenya




**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

3. Fund Administration Committee

Name		Details of qualifications and experience
1	<p>Edwin Kibor</p> 	<p>Date of Birth: 04-01-1983 Qualification: B.ed Experience: 9 years as a teacher -8 years as a teacher and 2 years as CECM Education and Technical Services Position: Chairperson</p>
2	<p>Alphaeus K. Tanui</p> 	<p>Date of Birth: 11-10-1987 Qualification: Masters in Finance, PHD (Ongoing) Experience: 10 years Position: Vice Chairman/CECM –Finance & Economic Planning</p>
3	<p>Jason K. Lagat</p> 	<p>Date of Birth: 15-1-1982 Qualification: Master of Science (Msc),ITIL,CCNA,MCITP Experience: 15 years in various fields Position: Member</p>
4	<p>Monicah J. Rotich</p> 	<p>Date of Birth: 15-11-1983 Qualification: BSC Computer Science & PGDE Experience: 14 years ,9 years in various fields,8 years as CECM PSM Position: Member</p>
5	<p>Purity Koima</p> 	<p>Date of Birth: 28-08-1985 Qualification: Masters in Environment & Dev., Lead expert in EIA Experience: Over 10 years in various fields Position: Member</p>
6	<p>JohnKeen Murkeu</p> 	<p>Date of Birth: 12-02-1969 Qualification: MBA-Finance, CPA (K).CCP (K) Experience: 33 years Position: Fund Administrator/Secretary</p>

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Management Team

	Name	Details of qualifications and experience
1.	<p>JohnKeen Murkeu</p> 	<p>Date of Birth:12-02-1969 Qualification: MBA-Finance, CPA (K),CCP(K) Experience: 31 years Position: Fund Administrator/Secretary</p>
2.	<p>Alphaeus K.Tanui</p> 	<p>Date of Birth: 11-10-1987 Qualification: Masters in Finance, PHD (Ongoing) Experience: 10 years Position: CECM –Finance & Economic Planning</p>
3.	<p>David Chebii</p> 	<p>Date of Birth:7.11.1973 Qualification: MBA-Finance, CPA (K),CIFA(K) Experience: 27 years Position: Fund Accountant</p>

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

5. Fund Chairperson’s Report

The financial statements for County Executive Car & Mortgage Loan Revolving Fund for the year ended 30th June, 2025 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

The County Executive Car & Mortgage Revolving Fund operates County Executive Car & Mortgage Loan Revolving Fund Account No.0180012000224 at Access Bank Ltd and Account no.01141951563500 at Cooperative Bank of Kenya, Iten Branch

During the year ended 30th June, 2025, total loan repayments amounted to sh. 35,879,446. The Fund advanced Sh. 28,764,084 to 13 members during the period. The total outstanding loans (principal and interest) from members as at 30th June, 2025 amounted to Sh. 115,073,100. The fund earned total interest of Sh. 3,672,839 during the period compared to Sh. 3,706,373 for the previous year.

The total non-performing loans as at 30 June 2025 amounted to Sh.33,253,435. The fund is making effort to enforce recovery through legal means as provided by the Act.

The available cashbook balance as at 30th June, 2025 amounts to sh. 11,282,006. The fund will lobby for appropriation of additional funds in the FY 2025/2026 budget to enable the members of staff, chief officers and the remaining CECM access the funds

Name...**Edwin Kibor**....Signature.....

ELGEYO MARAKWET COUNTY EXECUTIVE
CAR & MORTGAGE REVOLVING FUND
Date **18.9.2025**
18 SEP 2025
FUND CHAIRMAN
P. O. Box 220-30700, ITEN

Fund Chairperson -Elgeyo Marakwet County Executive Car & Mortgage Revolving Fund

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

6. Report of The Fund Administrator

The Elgeyo Marakwet County Executive Car and Mortgage Fund was established on 6th March, 2015 and derives its authority and accountability from the Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act, 2015

The SRC in its circular reference *SRC/ADM/CIR/1/13 Vol. III (128)* dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers.

The financial statements for Car & Mortgage for the period ended 30th June, 2025 have been prepared in accordance to Section 167 of the Public Finance Management (PFM) Act 2012 which mandates the administrator of the fund.

During the year ended 30th June, 2025, total loan repayments amounted to sh. 35,879,446. The Fund advanced Sh. 28,764,084 to 13 members during the period. The total outstanding loans (principal and interest) from members as at 30th June, 2025 amounted to Sh. 115,073,100. The fund earned total interest of Sh. 3,672,839 in the financial year 2024/2025 compared to Sh. 3,706,373 for the previous year. The fund has a total of forty one members (*33 active members and 8 inactive members*) as at 30th June 2025. The Loan repayment schedule for the month of June, 2025 is annexed to the financial statements (**Marked as Annex I**)

The total non-performing loans as at 30 June 2025 from the eight (8) inactive members amounted to Sh.33,253,435. The fund is making effort to enforce recovery through legal means as provided by the Act

The total transfers from County government to the revolving fund from inception of the fund to 30th June, 2025 amount to Sh.120,000,000 as tabulated below;

Date	Source	Amount
24/03/2015	Transfer from EMC	45,000,000
23/06/2015	Transfer from EMC	25,000,000
10/10/2016	Transfer from EMC	24,000,000
28/9/2018	Transfer from EMC	26,000,000
	Total Ksh.	120,000,000

There were no reserves created by the fund during the year.


.....
John Keen Murkeu Jairo

Fund Administrator-County Executive Car & Mortgage Revolving Fund.



**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer 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 Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund is to;

- a) Provide loans to members of the County Executive to purchase vehicles
- b) Provide loans to members of the County Executive to purchase residential houses, develop, renovate or repair their residential property at a low interest rate of 3% pa.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied	% of staff taking Mortgage facilities	During FY 2024/2025 ,four (4) Members of staff accessed the mortgage loans
EMCE Revolving Fund – Housing Scheme	To purchase, develop, renovate and repair of residential property for occupation of members and staff and his or her immediate family	Increased access to descent housing	No. of members and staff accessing the loan	In the year, mortgage loans were advanced thirteen (13) members.
EMCE Revolving Fund – Car Loan Scheme	To purchase motor vehicles for members and staff for efficient transport	Increased efficient transport to office for hon. Members and staff	No. of members and staff accessing the loan	No loans for Car loans were advanced during the year

8. Corporate Governance Statement

For the overall management of the scheme, the Act established the Car and Mortgage Loans Management Committee. The Committee consists of;

- CECM-Public Service Management and ICT
- CECM- Public Works, Roads and Transport
- CECM-Finance and Economic Planning
- CECM-Youth, Sports Gender and Social Services
- CECM representing Trade and Tourism
- Chief Officer Finance and Finance and Economic

Clause 7 of The Elgeyo Marakwet County Executive Revolving Fund Act, 2015 establishes the Loan Management Committee. The committee performs the following functions among others: approves applications for loans in accordance with prescribed terms and conditions of borrowing; oversees the day-to-day running of the fund; oversees the implementation and carrying out policies formulated for the management and administration of the fund.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

9. Management Discussion and Analysis

During the year ended 30th June, 2025, total loan amounting to Sh. 35,879,446 was recovered from members compared to Sh. 42,294,340 in the previous year ended 30th June 2024.

During the year ended 30th June, 2025, total loan repayments amounted to sh.35,879,446. The Fund advanced Sh. 28,764,084 to 13 members during the period. The total outstanding loans (principal and interest) from members as at 30th June, 2025 amounted to Sh. 115,073,100. The fund earned total interest of Sh. 3,672,839 in the financial year 2024/2025 compared to Sh. 3,706,373 for the previous year.

Sh. 28,764,084 loans were advanced to 13 members in the financial year ended 30th June, 2025. The available cashbook balance as at 30th June, 2025 amounts to sh. 11,282,006 consisting of;

Access Bank -Sh. 1,562,770
Cooperative Bank -Sh. 9,709,236

The liquidity of the fund is constrained and the incoming chief officers and the remaining CECM may not access loans in time. Therefore more funds needs to be appropriated to the fund in the FY 2025/2026

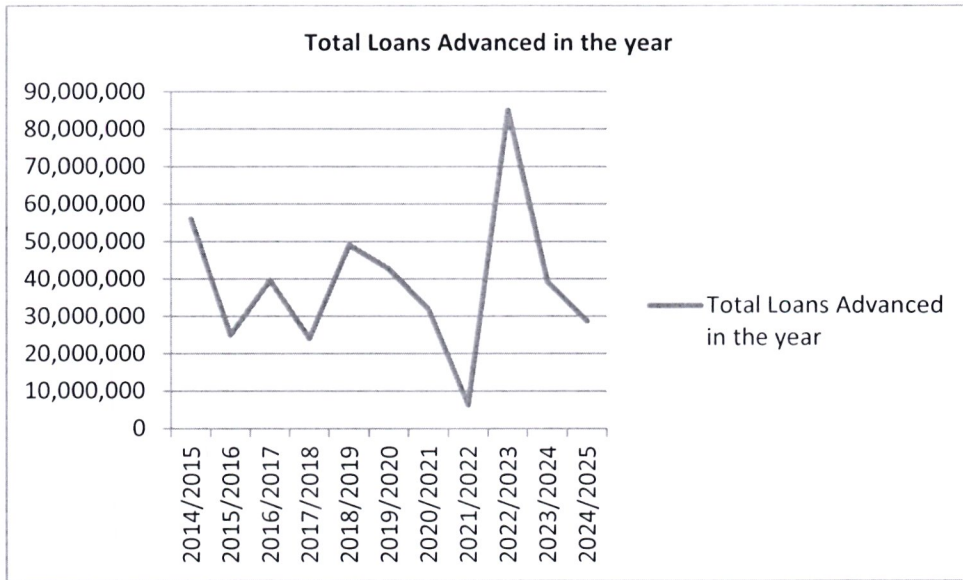
The fund has advanced a total loans of Sh.427,566,079 since 2015 as tabulated below;

FY	Opening Balance	Total Loans Advanced in the year	Loan Interest	Loan Repayment (Principal+ Interest)	Total Outstanding loans
2014/2015	-	56,000,000	331,993	3,034,242	53,297,751
2015/2016	53,297,751	25,000,000	2,105,042	11,529,290	68,873,503
2016/2017	68,873,503	39,600,000	2,617,552	19,250,307	91,840,749
2017/2018	91,840,749	24,000,000	2,668,583	22,979,803	95,529,529
2018/2019	95,529,529	49,046,440	3,359,369	24,797,888	123,137,450
2019/2020	123,137,450	42,660,000	3,555,764	46,293,283	123,059,931
2020/2021	123,059,931	31,872,440	3,745,231	44,438,879	114,238,723
2021/2022	114,238,723	6,323,113	2,668,514	63,788,230	59,442,119
2022/2023	59,442,119	85,000,000	2,487,416	29,125,948	117,803,587
2023/2024	117,803,587	39,300,002	3,706,374	42,294,340	118,515,623
2024/2025	118,515,623	28,764,085	3,672,839	35,879,446	115,073,101
	Total Ksh	427,566,079	30,918,677	343,411,656	

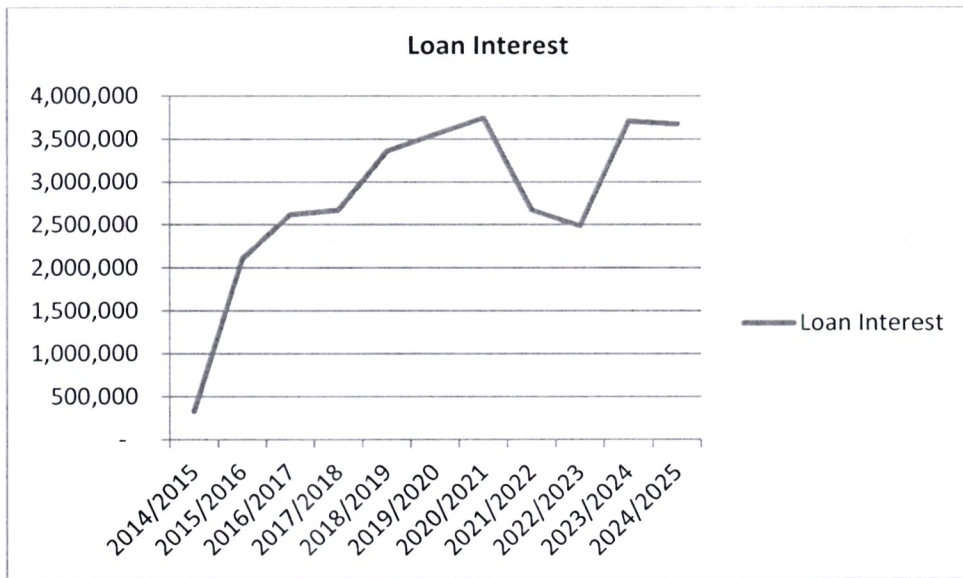
The movement of total loans advanced and total interest is represented graphically as shown below;

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

(i) Movement in loans advanced



(ii) Movement in loan interest



10. Environmental and Sustainability Reporting

The Fund did not carry out Environment and Corporate Social Responsibility related activities during the year.

11. Report of The Fund Administration Committee

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

Principal activities

The principal activities of the Fund are is to provide loan scheme for the purchase of vehicles, house or land for development, renovation and repair of residential property by members of the scheme

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 6

Fund committee

The members of the Fund administration committee who served during the year are shown on page iii under the key entity information and management. There were no changes in the Fund administration committee during the financial year.

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 Fund Administration Committee

Date:18.9.2025.....



12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Elgeyo Marakwet County Executive Car and Mortgage Fund established by The Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act, 2015 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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act, 2015. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. 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 **18th September, 2025** and signed on its behalf by:



Administrator of the Elgeyo Marakwet County Executive Car and Mortgage Fund



REPUBLIC OF KENYA

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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 ELGEYO MARAKWET COUNTY EXECUTIVE CAR & MORTGAGE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on 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.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund set out on pages 1 to 38, which comprise

Report of the Auditor-General on Elgeyo Marakwet County Executive Car & Mortgage Revolving Fund for the year ended 30 June, 2025

of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund Act, 2015.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.4,000,000 and Kshs.3,672,839 resulting into under-realization of Kshs.327,161 or 8% of the budget. Similarly, the Fund incurred total recurrent expenditure of Kshs.2,390,815 against actual receipts of Kshs.3,672,839 resulting into an under-expenditure of Kshs.1,282,024 or 35% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Matters

Review of the progress on follow up of the prior year auditor's recommendations revealed that several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources which remained unresolved as at 30 June, 2025. This is contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding. The unresolved issues include;

1. Non-Performing Loans
2. Failure to remit Fringe Benefit Tax

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unlawful Composition of the Governance and Administration Committee

Review of the documents provided revealed that the constitution of the Fund Management Committee did not comply with the requirements of the Elgeyo Marakwet County Executive Car and Mortgage Revolving Act, 2015. It was noted that the Chairperson of the Fund is the CECM Agriculture Livestock Irrigation and Veterinary Services instead of the CECM Public Service Management and ICT. Further, the CECM - Finance and Economic Planning-Member is the current Vice Chairperson contrary to the Act, which stipulates that the vice chair person should be the CECM Public Works Roads and Transport. This is in contravention of Section 6(1) of The Elgeyo Marakwet County Executive Car and Mortgage Loan Revolving Fund Bill, 2015 which states that there is established a Committee to be known as the Car and Mortgage Loans Management Committee, which shall consist of —

- (a) CECM - Public Service Management and ICT - Chairperson;
- (b) CECM - Public Works Roads and Transport - Vice Chairperson;
- (c) CECM - Finance and Economic Planning - Member;
- (d) CECM - Public Service Management and ICT;
- (e) CECM - Trade, Tourism, Cooperatives and Energy - Member;
- (f) Chief Officer Finance and Finance and Economic Planning who shall be an ex-officio member and the secretary to the Committee.

In addition, the current Fund Administrator is the Director Financial Services contrary to Section 11(1) of the Act, which requires that the position is held by the Chief Officer Finance and Economic Planning.

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

2. Failure to Develop Regulations to the Act

Review of the Fund's records revealed that the County Executive has not developed regulations, policies, or procedures to operationalize the Elgeyo Marakwet County Executive Car and Mortgage Loan Revolving Fund Bill, 2015. This was contrary to Section 34(1) of the Elgeyo Marakwet County Executive Car and Mortgage Loan Revolving Fund Act, 2015 which states that the Car and Mortgage Loans Management Committee may, after consultation with the Salaries and Remuneration Commission, and with the approval of the County Assembly, make regulations generally for the better carrying out the provisions of this Act. Therefore, Management, utilization, and accountability of the Fund remain inadequately guided.

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

3. Non-Payment of Fringe Benefit Tax on Car & Mortgage Loans

Review of records revealed that loans amounting to Kshs.28,764,084 were advanced to beneficiaries under the County Executive Car & Mortgage Revolving Fund for which Fringe Benefit Tax was not remitted to the Kenya Revenue Authority. This was contrary to the requirements of Section 12(b)(1) and (3) of the Income Tax Act, 2010 which require an employer to pay fringe benefits tax on behalf of the employee or direct an interest rate lower than the market interest rate and Section 12(3) which requires the benefit tax to be charged on the total taxable value of a fringe benefit provided by an employer in a month and remitted on or before the tenth day of the following month to Kenya Revenue Authority.

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

4. Non-Performing Loans

As previously reported, the statement of financial position reflects a balance of Kshs.19,681,357 and Kshs.95,391,743 relating to current-term receivables and long-term receivables from exchange transactions respectively as disclosed in Note 18 to the financial statements. Included in this balance, is Kshs.33,253,435 relating to non-performing loans for seven (7) members. Some of the defaulters were former employees of Elgeyo Marakwet County Executive employees whose terms already elapsed, were cleared, and their gratuity and pension dues processed and fully paid. The Management of the Fund did not provide any evidence of the legal recovery measures taken since the loans fell due as provided by the Act. In addition, Management did not provide explanation of how the affected employees were cleared and paid gratuity and pension before recovery of the outstanding loans. There is no provision for the doubtful debts.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Subject the Fund to Internal Audit

Review of records provided revealed that the Fund was not subjected to internal audit reviews during the financial year. This was contrary to Regulations 153 of the Public Finance Management (County Governments) Regulations, 2015.

The failure to conduct internal audit reviews on the Fund exposes the entity to undetected internal control weaknesses which can lead to risks of errors, fraud or material misstatements to the annual reports and financial statements and impairs the Fund's oversight processes and procedures to strengthen internal control mechanisms.

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

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

Responsibilities of the Management and Fund Management Committee

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) 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 Fund Management Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


11 November, 2025

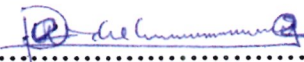
**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

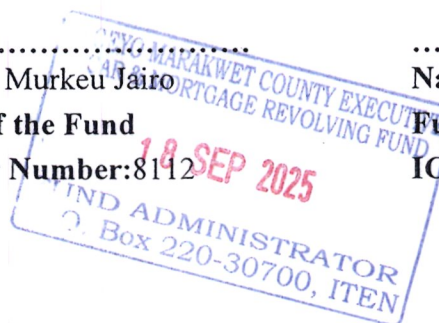
14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	-	-
Transfers From the County Government	7	-	-
Fines, Penalties and Other Levies	8	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	9	3,672,839	3,706,373
Other Income	10	-	-
		-	-
Total Revenue		3,672,839	3,706,373
Expenses			
Employee Costs	11	-	-
Use of goods and services	12	2,390,815	2,629,013
Depreciation and Amortization Expense	13	-	-
Finance Costs	14	-	-
Total Expenses		2,390,815	2,629,013
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Surplus/(Deficit) for the Period		1,282,024	1,077,360

(The notes set out on pages 8 to 40 form an integral part of these Financial Statements)


Name: John Keen Murkeu Jairo
Administrator of the Fund
ICPAK Member Number: 8112


Name: David Chebii
Fund Accountant
ICPAK Member Number: 8088



**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

15. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	11,282,006	6,557,460
Current Portion of Long- Term Receivables from Exchange Transactions	18	19,681,357	20,314,375
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		30,963,363	26,871,835
Non-Current Assets			
Property, Plant and Equipment	22	-	-
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	95,391,743	98,201,247
Investment Property	24	-	-
Total non- current assets		95,391,743	98,201,247
Total Assets (A)		126,355,106	125,073,082
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	-
Current Provisions	26	-	-
Current Portion of Borrowings	27	-	-
Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	26	-	-
Long Term Portion of Borrowings	27	-	-
Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Total Liabilities (B)		-	-
Net Assets (A-B)		126,355,106	125,073,082
Represented By:			
Revolving Fund		120,000,000	120,000,000
Reserves		-	-
Accumulated Surplus		6,355,106	5,073,082
Net Assets		126,355,106	125,073,082

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 **18th September, 2025** and signed by:

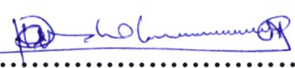


Name: John Keen Murkeu Jairo

Administrator of the Fund **18 SEP 2025**

ICPAK Member Number: 8112





Name: David Chebii

Fund Accountant

ICPAK Member Number: 8088

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	120,000,000	-	3,995,722	123,995,722
Surplus/(Deficit) For the Period	-	-	1,077,360	1,077,360
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	120,000,000	-	5,073,082	125,073,082
Balance As At 1 July 2024	120,000,000	-	5,073,082	125,073,082
Surplus/(Deficit) For the Period	-	-	1,282,024	1,282,024
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	120,000,000	-	6,030,225	126,030,225

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025	20223-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		3,672,839	3,706,373
Receipts from other operating activities		-	-
Total receipts		3,672,839	3,706,373
Payments			
Fund administration expenses		2,374,150	2,608,700
General expenses		16,665	20,313
Finance cost		-	-
Other payments		-	-
Total payments		2,390,815	2,629,013
Net cash flows from operating activities	30	1,282,024	1,077,360
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		32,206,607	38,587,966
Loan disbursements paid out		(28,764,085)	(39,300,000)
Net cash flows used in investing activities		3,442,522	(712,034)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		4,724,545	365,326
Cash and cash equivalents at 1 July 2024	17	6,557,460	6,192,134
Cash and cash equivalents at 30 June 2025	17	11,282,006	6,557,460

Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	4,000,000	-	4,000,000	3,672,839	327,161	92%
Other Income	-	-	-	-	-	-
Total Income	4,000,000	-	4,000,000	3,672,839	327,161	92%
Expenses						
Fund Administration Expenses	3,000,000	-	3,000,000	2,374,150	625,850	79%
General Expenses	1,000,000	-	1,000,000	16,665	983,335	2%
Finance Cost	-	-	-	-	-	0%
Total Expenditure	4,000,000	-	4,000,000	2,390,815	1,609,185	60%
Capital expenditure	-	-	-	-	-	-
Surplus For the Period	-	-	-	1,282,024	-	-

Budget notes

1. underutilization of 40% relate to savings from the fund operations
2. The Fund did not receive additional appropriations in the FY 2024/2025 supplementary budget.

**Elgeyo Lokwot County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Budget Reconciliation

	Description of Particulars	Amount in Kshs
1	Actual Surplus Amounts as per the statement of Budget	1,282,024
2	Proceeds from loan principal repayments	32,206,607
3	Loan disbursements paid out	(28,764,085)
4	Opening cash balance	6,557,460
5	Closing Cash and Cash Equivalent as per the statement of Cash flows	11,282,006

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Elgeyo Marakwet County Executive Car and Mortgage Fund is established by and derives its authority and accountability from Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act (EMCECMLERF), 2015 Act. The entity is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Kenya. The entity's principal activity is to advance loans for the purchase of vehicles, house or land for development, renovation and repair of residential property by 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 2025

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44:	<i>Applicable 1st January 2025</i>

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>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.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><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 recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><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.</p>

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if

the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

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 2025 was approved by the County Assembly on 25th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Sh.0.00 on the FY 2025 budget following the governing body's approval.

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

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 cash flows has been presented.

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.

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.

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. 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 amortized 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)

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 recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes 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 did not create or maintain reserves in terms of specific requirements.

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.

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. 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.

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Notes To the Financial Statements Continued

6. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

7. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

8. Fines, penalties and other levies

Description	2024-2025	2023-2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

9. Interest income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	3,672,839	3,706,373
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	3,672,839	3,706,373

Note: The interest was from Mortgage loans advanced to members at 3% per month

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10. Other income

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

12. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	2,374,150	2,608,700
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-

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Description	2024-2025	2023-2024
	Kshs	Kshs
Bank Charges	16,665	20,313
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses	-	-
Total	2,390,815	2,629,013

13. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

14. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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15. Gain/(loss) on disposal of assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	2024-2025	2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

17. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	11,282,006	6,557,460
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Total Cash and Cash Equivalents	11,282,006	6,557,460

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Access Bank Ltd	0180012000224	1,572,770	1,234,742
Cooperative Bank	01141951563500	9,709,236	5,322,718
Sub- Total		11,282,006	6,557,460
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		11,282,006	6,557,460

18. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	480,235	334,362
Current Loan Repayments Due	19,201,122	19,980,012
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	19,681,357	20,314,374
Non-Current Receivables		
Long Term Loan Repayments Due	95,391,743	98,201,248
Total Non- Current Receivables	95,391,743	98,201,248
Total Receivables From Exchange Transactions	115,073,101	118,515,622

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Additional disclosure on interest receivable

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	3,192,604	3,372,012
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	480,235	334,362
Current loan repayments due		
Current portion of long-term loans from previous years	95,391,743	98,201,248
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	19,681,357	20,314,374

19. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

20. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories	-	-

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Detailed disclosure on inventories

Description	2024-2025	2023-2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

21. Investments in financial assets

Description	2024-2025	2023-2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

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e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		2024-2025	2023-2024
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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22. Property, plant, and equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate	X%	X%	X%	X%	X%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2024	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-
At 1st July 2024						
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-
Depreciation And Impairment						
At 1 st July 2024	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-
At 1st July 2025						
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-
Net Book Values						
At 30th June 2024	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-

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23. Intangible assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At Beginning of The Year 2024	-	-
Additions	-	-
At End of The Year 2025	-	-
Amortization And Impairment		
At Beginning of The Year 2024	-	-
Amortization	-	-
At End of The Year 2025	-	-
Impairment Loss	-	-
At End of The Year 2025	-	-
NBV	-	-

24. Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

25. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs	% of the	Kshs	% of the
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other	2024-2025	% of the	2023-2024	% of the

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payables)		Total		Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-	-	-

26. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

27. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2024-2025	2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-

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Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2024-2025	2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

28. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-

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Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

30. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus For the Year Before Tax	1,282,024	1,077,360
Adjusted For:	-	-
Depreciation	-	-
Amortization	-	-
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	1,282,024	1,077,360

31. 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	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	-	
Transfers To Related Parties	12,203,938	14,103,969
Total	12,203,938	14,103,969

Note: The amount relate to outstanding loans from Fund administration committee

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c) Key management remuneration

Description	2024-2025	2023-2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	2,374,150	2,608,700
Total	2,374,150	2,608,700

d) Due from related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Contingent Liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Note: There is no litigation against the fund

33. Financial risk management

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

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

a) Credit risk

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

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Description	Total amount Kshs	Fully performin g Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	115,073,100	81,819,665	33,253,435	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	11,282,006	11,282,006	-	-
Total	126,355,106	93,101,671	33,253,435	-
At 30 June 2024	-	-	-	-
Receivables From Exchange Transactions	118,515,622	84,516,478	33,999,144	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	6,557,460	6,557,460	-	-
Total	125,073,082	91,073,938	33,999,144	-

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 KSh.33,253,435

The Fund administration committee 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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:

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Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
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
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
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 endeavored to bank with institutions that offer favourable interest rates.

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Sensitivity analysis

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

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	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	120,000,000	120,000,000
Accumulated surplus	1,282,024	5,073,084
Total funds	126,030,225	125,073,084
Total borrowings	-	-
Less: cash and bank balances	11,282,006	6,557,460
Net debt/(excess cash and cash equivalents)	(11,282,006)	(6,557,460)
Gearing	0%	0%

34. Events after the reporting period

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

35. Ultimate and Holding Entity

The entity is a County Public Fund established by The Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act, 2015 under the department of Finance and Economic planning. Its ultimate parent is the County Government of Elgeyo Marakwet

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)




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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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Budgetary Control and Performance: Underfunding of Kshs.293,627 or 7.3% of the budget and under expenditure of Kshs.1,370,987 or 34% of the budget.	The underfunding of Sh.293,627 in the budget was as a result of funds not being disbursed on time due to delays in charging of securities and valuation of properties during loan processing period. The under- expenditure of Kshs.1,370,987 or 34% of the budget relate to the savings arising from the operations of the fund.	Not resolved	3 month
2.0	Non-Performing Loans	The loans were advanced to members during the first term of the devolution, and the recovery period of the same were based on the earlier circular issued by the Salaries and Remuneration Commission (SRC) which allowed members to repay within a period of twenty (20) years. However, the Management has initiated recovery measures of outstanding loans	Not resolved	3 months
3.0	Failure to Remit Fringe Benefit Tax	The Car loan and Mortgage committee has engaged the County Executive to consider additional allocation of funds in the budget for the Fringe Benefit Tax in the next supplementary budget for FY 2025/2026	Not resolved	3 months


 FUND ADMINISTRATOR
 Date: 18th September, 2025



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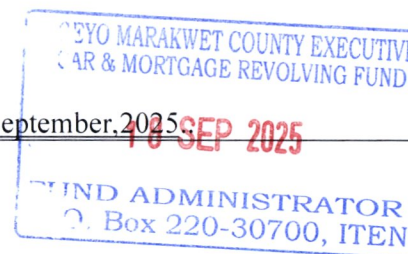
Annex II: Inter-Fund Confirmation Letter



**Elgeyo Marakwet County Executive Car and Mortgage Fund
P.o.Box 220-30700,Iten**

The Elgeyo Marakwet County Executive Car and Mortgage Fund wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Elgeyo Marakwet County Executive Car and Mortgage Fund as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Elgeyo Marakwet County Executive as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	N/A	Nil	Nil		Nil	Nil	-
Total							
I confirm that the amounts shown above are correct as of the date indicated.							
Fund Administrator:							
Name <u>John Keen M. Jaro</u>		Sign <u>[Signature]</u>		Date : 18 th September, 2025			



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Annex III: Reporting of Climate Relevant Expenditures

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

Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments
			N/A			

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Annex III: Reporting of Climate Relevant Expenditures

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

Nandi County Alcoholic Drinks Control Fund
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Annex IV: Reporting on Disaster Management Expenditure

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