

REPUBLIC OF KENYA



Enhancing Accountability

REPORT


OF

THE AUDITOR-GENERAL

ON

**WITNESS PROTECTION AGENCY STAFF
MOTOR CAR LOAN SCHEME FUND**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 09 OCT 2025	DAY: Tues
TABLED BY:	DEPUTY MAJORITY PARTY WHIP
CLERK-AT THE-TABLE:	G. CHEBET





**WITNESS PROTECTION AGENCY STAFF MOTOR CAR
LOAN SCHEME FUND**

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

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

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1 ACRONYMS AND DEFINITION OF KEY TERMS

A) Acronyms

A/C No	Account Number
CPA	Certified Public Accountant
FCPA	Fellow Certified Public Accountant
FY	Financial Year
HFC	Housing Finance Corporation
ICPAK	Institute of Certified Public Accountant of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAF	Officer Administering the Fund
PFM	Public Finance Management
SRC	Salaries and Remuneration Commission
WPA	Witness Protection Agency

B) Definition of Key Terms

Fiduciary management- Members of management entrusted directly with the responsibility and trust for the organization financial resources.

Comparative Year- Means the prior period.

Sponsor - Refers to the Witness Protection Agency



2 KEY FUND INFORMATION AND MANAGEMENT

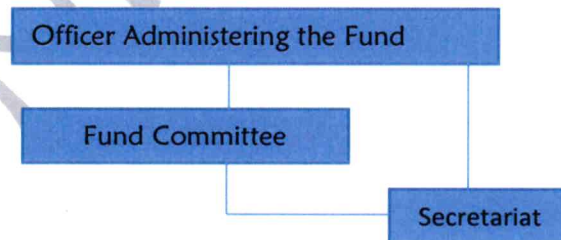
a) Background information

Witness Protection Agency Staff Motor Car Loan Scheme Fund is established by and derives its authority and accountability from the Car Loan and Mortgage Schemes for State Officers and other Public Officers of Government of Kenya Circular referenced SRC/ADM/CIR/1/13/Vol. III (128) dated 17th December, 2014 by the Salaries and Remuneration Commission (SRC). The Fund is regulated by the Witness Protection Agency Staff Motor Car Loan Scheme Fund Regulations that were approved by Witness Protection Advisory Board on 18th January 2016. The Fund is wholly owned by the Witness Protection Agency and is domiciled in the Republic of Kenya.

b) Principal Activities

The principal mandate of the Fund is to provide motor car loans to Witness Protection Agency members of Staff to enable them own personal cars as prescribed in the Fund Regulations to enhance their ease of mobility and personal security.

The Witness Protection Agency Staff Motor Car Loan Scheme Fund Committee is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund. The Officer Administering the Fund is responsible for the day to day operations with the assistance of a secretariat.



c) Fund Administration Committee

The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.). Therefore, the confidentiality, special and covert nature of operations of the Witness Protection Agency calls for protection of the members of Witness Protection Motor Car Loan Fund Committee against the publication of their profiles



SN	Position	Name
1	Chairperson	Deputy Director, Corporate Affairs
2	Vice Chairperson	Deputy Director, Operations
3	Member	Finance Manager
4	Member	Principal Legal Officer
5	Member	Principal Administration Officer
6	Member	Chief Protection Officer
7	Secretary	Principal Human Resource Officer

d) Key Management

The confidentiality, special and covert nature of operations of the Witness Protection Agency calls for additional protection of the members of Witness Protection Motor Car Loan Key Management against the publication of their profiles

SN	Position	Name
1	Officer Administering the Fund	Director/Chief Executive
2	Chairperson, Fund Committee	Deputy Director, Corporate Affairs
3	Fund Accountant	Senior Accountant
4	Secretary, Fund Committee	Principal Human Resource Officer

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Officer Administering the Fund	Director/Chief Executive
2	Chairperson, Fund Committee	Deputy Director, Corporate Affairs
3	Member, Fund Committee	Finance Manager

The Fund Secretariat appointed by the Officer Administering the Fund assist the OAF on the day to day internal administration of the Fund. All deliberations of the Secretariat are subject to approval by the Fund Committee which makes recommendation to the Officer Administering the Fund.

Loan applications are submitted to the Secretariat, which undertakes the preliminary evaluation to ascertain compliance with the relevant laws, Regulations and the statutory one third (1/3) monthly basic salary rules. Upon approval by the Fund Committee, the Officer Administering the Fund submits the approved loan application to the Fund Manager (namely HFC Ltd.) for further processing. The Fund Committee meets as and when necessary to adjudicate loan application and quarterly to review the financial status of the Fund.



f) Registered Offices

P.O. Box 28801-00101
Milimani Law Court Building
4th Floor, Room 413
Nairobi, KENYA

g) Fund Contacts

Telephone: (254) (020) 7121337/8, 0770909207,
Hotline: (254)0711222441, 0725222442
E-mail: director@wpa.go.ke
Website: www.wpa.go.ke

h) Fund Bankers

HFC
Scheme Fixed Term Deposit Account
A/C No. 3788783401-0
Nairobi, Kenya

HFC
Scheme Deposit Account
A/C No. 3788783101-0
Nairobi, Kenya

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

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3 FUND ADMINISTRATION COMMITTEE

The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.). The confidentiality, special and covert nature of operations of the Witness Protection Agency calls for additional protection of the members of Witness Protection Motor Car Loan Fund Committee against the publication of their profiles

SN	Name	Details of qualifications and experience
1	Chairperson	Deputy Director, Corporate Affairs
2	Vice Chairperson	Deputy Director, Operations
3	Member	Finance Manager
4	Member	Principal Legal Officer
5	Member	Principal Administration Officer
6	Member	Chief Protection Officer
7	Secretary	Principal Human Resource Officer

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4 MANAGEMENT TEAM

The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.). The confidentiality, special and covert nature of operations of the Witness Protection Agency calls for additional protection of the members of Witness Protection Motor Car Loan Management Team against the publication of their profiles

SN	Name	Details of qualifications and experience
1	Officer Administering the Fund	Director/Chief Executive
2	Chairperson, Fund Committee	Deputy Director, Corporate Affairs
3	Fund Accountant	Senior Accountant
4	Secretary, Fund Committee	Principal Human Resource Officer

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5 CHAIRPERSON'S REPORT

The Fund was established in January 2016 and since then received grants from the National Treasury over a period of three years totaling to Kshs.27,000,000 which together with the accrued interest form a revolving fund for advancing car loans to the Agency staff.

Kenya's economic growth slowed to 4.7% in 2024, down from 5.7% in 2023. This slower growth was partially attributed to the June anti-Finance Bill protests and floods, as well as a general decline in growth across various sectors. While some sectors like agriculture and manufacturing showed resilience, job creation and private sector activity remained under pressure. The government taxation policy on the automotive industry has pushed up the prices of motor vehicles. This has negatively affected the staff purchasing power and eligibility based on the approved car loan threshold. The introduction of Affordable Housing Levy, NSSF Tier II and Social Housing Insurance Fund (SHIF) has increased the obligation of the employees leading to less disposable income of staff which makes the officer not eligible to access the facility due to the 1/3 rule.

The Fund has disbursed a total of twenty-five (25) motor car loans amounting to Kshs.46,460,000 since inception in 2016. The Fund received a total of four (4) car loan applications during the FY2024/2025 amounting to Kshs.8,700,000.00. The four (4) loan applications were processed, approved and submitted to the Fund Manager. Three (3) of the applications were duly processed by the Fund manager and funds disbursed accordingly. One (1) application was still being processed by the Fund Manager at the end of the Financial Year.

The Fund has been on a growth trajectory since inception and it is self sufficient in terms of generating revenues and defraying its administrative expenses yielding surplus year after year. During the year, the Fund earned an interest of Kshs.742,467 and incurred a total expenditure of Kshs.365,931 giving a surplus of Kshs.376,536 as per the Statement of Performance. However, the Fund reported Kshs.392,513 being surplus carryovers from the FY2023/2024 leading to a total revenue of Kshs.1,134,980 and incurred an extra Kshs.84,000 being staff advances for annual retreat exercise which had not been undertaken as at the end of the financial year hence totaling expenditures to Kshs.449,931 giving a surplus of Kshs.685,049 as reported in the statement of Comparison of Budget and Actual amount for the year under review.

The Agency recruited additional staff and replaced the exited staff during the year. However, this did not translate to an increase in the uptake of the car loan facility. The Committee will continue to employ strategies that will enhance the uptake of the



facility by the staff. The committee has and will continue to engage with the Fund Manager to ensure effective management and disbursement of the loans.

I take this opportunity to appreciate the commitment and invaluable contribution made by the Fund Committee members, sub-committee and Secretariat. My special appreciation is also to the Officer Administering the Fund for the support and guidance that has promoted effective management of the Fund.

FCPA K. A Tanui

CHAIRPERSON, FUND COMMITTEE

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6 REPORT OF THE OFFICER ADMINISTERING THE FUND

I am glad to present the eighth (8th) Annual Report and Financial Statements of Witness Protection Agency Staff Motor Car Loan Scheme Fund. This has promoted staff motivation and retention at the Agency. The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, Human Rights Approach, Accountability, Operational Autonomy and Unity of Purposes (C.I.I.H.A.O.U.), which ensures that staff security and safety in respect to private transport is enhanced always.

The effective interest rate charged on the loan of 4% is far below the market rate. This has eased the financial burden for the Officers desirous of owning personal cars to enhance their mobility and security. Nineteen (19%) of the Agency officers equivalent to twenty-five (25) loanees have so far been advanced car loans amounting to Kshs.46,460,000 since inception in 2016 from an initial seed capital of Kshs.27,000,000.

The uptake of the motor car loans did not increase as expected after onboarding of twenty-one (21) additional Officers in August 2024. Management will continue to sensitize staff on the benefits of the Motor Car Loan Scheme to ensure that staff benefit from the Scheme. Further, the Fund Committee will undertake staff surveys, feedback analysis, sharing experiences by the beneficiaries, benchmarking and proposals to review and align the Motor Car Loan Regulations and practices with the emerging trends and best practices.

The Fund has maintained proper records and books of accounts in compliance with the Witness Protection Act, CAP. 79, Public Finance Management Act, CAP. 412A and Regulations, 2015, the Fund's Regulations and other relevant legislations. The OAF has engaged Housing Finance Company Ltd (HFC) as the Fund Manager, whose duties are that:

- (i) HFC shall provide Witness Protection Agency staff members with car loan product as more particularly described in the First Schedule of the Agreement. HFC shall advise Witness Protection Agency of the development and launch of any products which may be included in the product offering of the Agreement;
- (ii) HFC shall operate the Staff Car Loan Scheme for Witness Protection Agency employees upon the terms and conditions contained in the Second Schedule;
- (iii) HFC shall appraise all Witness Protection Agency staff member loan requests, including but not limited to the credit worthiness and loan repayment ability of



the staff member/applicant. All loan appraisals shall be subject to a satisfactory submission of all requisite supporting documents as set out in the Third Schedule. Loan approvals shall be subject to HFC standard credit policy and HFC shall accept no responsibility and liability from any applicant for a declined application;

- (iv) HFC shall provide Witness Protection Agency with monthly reports on or before the 10th day of each month of any material information from time to time regarding the conduct of the Car Loan Scheme that would affect the performance of the agreement; and
- (v) HFC shall provide Witness Protection Agency staff members with at least bi-annual statements regarding the status of their loan accounts, including but not restricted to repayments and interest charged.

As at 30th June 2025, the Fund financial status was as follows:

- a) The total net assets of the Scheme was Kshs.27,769,049.
- b) Total loan repayments during the year were Kshs.6,095,314.
- c) Loan balance at the end of the year was Kshs.10,727,126.
- d) Total Car Loan Interest earned during the year was Kshs.407,011; and
- e) Total Fixed Interest Income earned during the year Kshs.335,456

I wish to thank the Witness Protection Agency Motor Car Loan Scheme Fund Committee and the Secretariat for their dedication and commitment that has ensured effective management of the Fund which has been done in adherence to the Fund's Regulations. It is my hope that the Staff Car Loan Scheme will not only motivate the staff but also enhance staff retention hence uphold the covertness of the Agency.

Finally, I wish to acknowledge the support of the National Treasury that gave grants to the Agency totalling to Kshs.27,000,000 which now form the revolving fund for the Motor Car Loan. To-date, the Fund has adequate funds to cater for the Car Loan needs for Agency staff noting that the Fund balance as at 30th June 2025 was Kshs.16,904,626. It is however noted that the funds may not be adequate, firstly due to increasing number of staff and secondly as aging motor cars earlier purchased through the Scheme continue being replaced by the staff. It is my hope that when such a scenario arises, the National Treasury will give additional grant to the Agency to cater for the shortfall.


Jedidah W. Waruhiu
OFFICER ADMINISTERING THE FUND



7 STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The Key Result Area and strategic objectives of the Witness Protection Agency Motor Car Loan Scheme are derived from the Agency`s strategic plan for the period 2023/2024-2027/2028. The Fund therefore assists to meet the targets of the Agency strategic plan as tabulated below;

Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
Corporate brand and culture	To build and enhance corporate image	New corporate brand and culture	Develop and implement brand change management and corporate culture	Three new loanees acquired motor cars through the Car Loan Scheme Fund
Institutional Capacity and Sustainability	To attract, motivate and retain staff	Number of Staff benefited from the Schemes	Enhance Motor Car Loan Scheme Fund	Three new loanees acquired motor cars through the Car Loan Scheme Fund.

The WPA Motor Car Loan Scheme Fund had projected to approve and disburse a total of Kshs.5,500,000 to three (3) Car Loan Applicants during the year under review. However, there were four (4) loan applications which were approved and total of Kshs.8,700,000 was disbursed. This was 158% achievement of the performance target.

During the year, the fund had projected revenue of Kshs.1,143,316 but realized revenue of Kshs.742,467 hence a negative variance of Kshs.400,849 (65%). The projected expenditure of the year was Kshs.1,070,944 and realized an expenditure of Kshs.449,931 hence a positive variance of Kshs. 621,014 (42%). The projected surplus for the year was Kshs.72,373 but the Fund realized surplus of Kshs.376,536 hence a variance of Kshs.304,163 (81%). The projected closing Fund balance as at 30th June 2025 was Kshs.21,222,797. However, the bank balance realized was Kshs.16,904,626, a variance of Kshs.4,318,171 (26%).

The Fund`s financials statements were prepared and submitted to the National Treasury in compliance with PFM Act, CAP. 412A and other relevant legislation.



8 CORPORATE GOVERNANCE STATEMENT

Witness Protection Agency Staff Motor Car Loan Scheme Fund Committee members are appointed by The Officer Administering the Fund. The Witness Protection Agency Staff Motor Car Loan Scheme Fund Committee within the Agency manages the operations of the Fund.

Witness Protection Agency Staff Motor Car Loan Scheme Fund Committee consists of the following members;

- (a) Deputy Director Corporate Affairs as the Chairperson;
- (b) Deputy Director Operations as Vice Chairperson;
- (c) Finance Manager (Member);
- (d) Principal Administration Officer (Member);
- (e) Principal Legal Officer (Member);
- (f) Chief Protection Officer (Member); and
- (g) Principal Human Resource Officer as the Secretary.

The Functions of the Fund Committee are as stated under;

- (a) Approve applications for loans in accordance with existing terms and conditions of borrowing;
- (b) Ensure the Regulations and Guidelines of the Fund are adhered to;
- (c) Oversee the effective management of the Fund;
- (d) Propose amendments to the Regulations and Guidelines as deemed necessary; and
- (e) Such other duty as may be directed by the Cabinet Secretary for the purpose of the proper management of the Fund.

The Officer Administering the Fund utilizes the interest accruing from the Fund to defray operating expenses of the Fund as per the Witness Protection Agency Staff Motor Car Loan Scheme Fund Regulations section 8(i). During the year the Fund realized an interest of Kshs.742,467 and incurred an expenditure of Kshs.365,931.

The Fund Committee, Sub-committee and Secretariat are employees of the Witness Protection Agency and thus not remunerated as per the SRC circular ref SRC/TS/24/4(147) dated 2nd May 2024 which barred the payment of sitting allowance to internal committees.

The Committee is required to meet at least four (4) times in a year and the quorum for a meeting of the Committee is the Chairperson and three (3) other members. The Committee held five (5) meetings during the year, two (2) statutory and three (3) special



Table 1: Fund Committee Meeting Attendance

SN	Position	Name	Main Meeting		Special Meeting		
1	Chairperson	Deputy Director, Corporate Affairs	✓	✓	✓	✓	✓
2	Vice Chairperson	Deputy Director, Operations	✓	✓	×	×	✓
3	Member	Finance Manager	×	✓	✓	✓	✓
4	Member	Principal Legal Officer	✓	✓	×	✓	✓
5	Member	Principal Administration Officer	✓	✓	✓	✓	✓
6	Member	Chief Protection Officer	✓	✓	✓	×	✓
7	Secretary	Principal Human Resource Officer	✓	✓	✓	✓	✓

The Officer Administering the Fund appointed a Secretariat which assists in the management of the Fund as per section 8(i) of the Witness Protection Agency Motor Car Loan Regulations.



9 MANAGEMENT DISCUSSION AND ANALYSIS

The Fund's operational and financial performance.

The Fund received a total of four (4) car loan applications during the FY2024/2025 amounting to Kshs.8,700,000.00 compared to three (3) applications received in the FY2023/2024 amounting to Kshs.5,490,000.00. The four (4) loan applications were processed, approved and submitted to the Fund Manager. Three (3) of the applications were duly processed by the Fund manager and funds disbursed accordingly. One (1) application was being processed by the Fund Manager at the end of the Financial Year.

As at 30th June 2025, there were a total of nine (9) active car loan portfolio that were being serviced by the loanees amounting to Kshs10,727,126 as compared to twelve (12) active car loan portfolio of Kshs8,122,439 as at 30th June 2024. This is due to six loan portfolios that were cleared during the year. The Fund has disbursed a total of twenty-five (25) motor car loans amounting to Kshs.46,460,000 since inception in 2016.

During the year, the Fund earned an interest of Kshs.742,467 compared to Kshs.848,022 earned in the FY2023/2024. This was a decline of Kshs.116,730 equivalent to 16% variance. This was due to reduction of loan portfolio balance due to monthly repayments during the year.

The Fund incurred a total expenditure of Kshs.365,931 in the year compared to Kshs.994,444 in the FY2023/2024. The operations of the Fund registered a surplus of Kshs.376,536 compared to deficit of Kshs.146,422 in the FY2024/2025. This is due to the reduction in the activities of the committee during the year due to the exigencies of duty.

The ending cash and cash equivalent of the Fund was Kshs.16,904,626 compared to Kshs.20,284,704 at the beginning of the year. This was due to proceeds from loan repayment of Kshs.6,094,602 compared to disbursement of Kshs.8,700,000. The total net assets of the Fund as at the end of the financial year was Kshs.27,769,049 compared to Kshs.27,392,513 as at the beginning of the financial year. This was due to the Fund's accumulated surplus as at 30th June 2025 being Kshs.769,049 compared to Kshs.392,513 as at 30th June 2024.



Fund’s compliance with statutory requirements

The Fund has complied with the Public Finance Management Act, CAP 412A, Public Act CAP 412C and Regulations 2015, Witness Protection Agency Staff Motor Car Loan Scheme Fund Regulations of 18th January, 2016 and Public Sector Accounting Standards Board guidelines, and National Treasury Circulars.

The fund has no non-compliances that may expose the fund to potential contingent liabilities.

Key projects and investment decisions the Fund is planning/implementing

The Revolving Fund is financed by grants from the National Treasury through the Witness Protection Agency. The Fund earns interest income on unutilized balances on a Fixed Deposit arrangements with HFC Limited.

Major risks facing the Fund

The possibility of motor Car loan applications by the Staff exceeding the available fund balance.

Material arrears in statutory/financial obligations

The Fund has no material arrears in statutory and other financial obligations.

The Fund’s financial probity and serious governance issues.

The Fund has no financial probity and governance issues.

The Charts below show a summary of the Witness Protection Agency Staff Motor Car Loan Scheme Fund Performance Analysis as at 30th June 2025.

Fig 1. Receipts Vs Expenditure

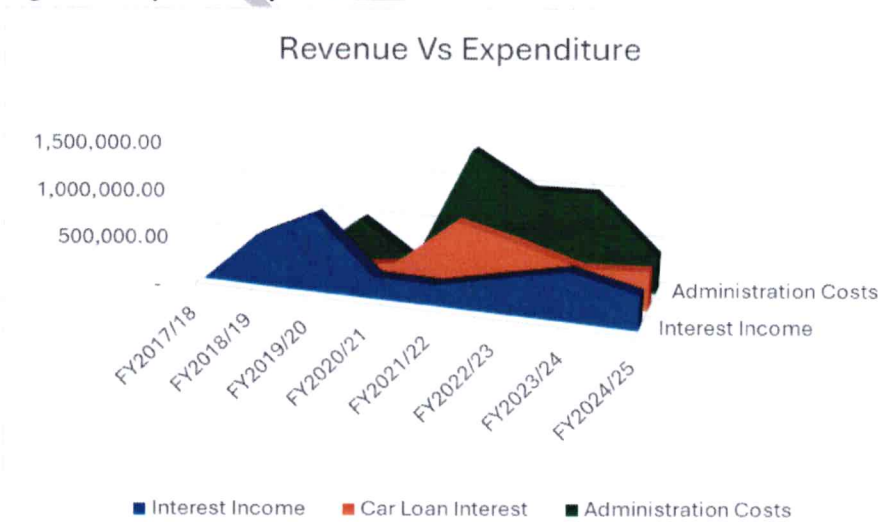
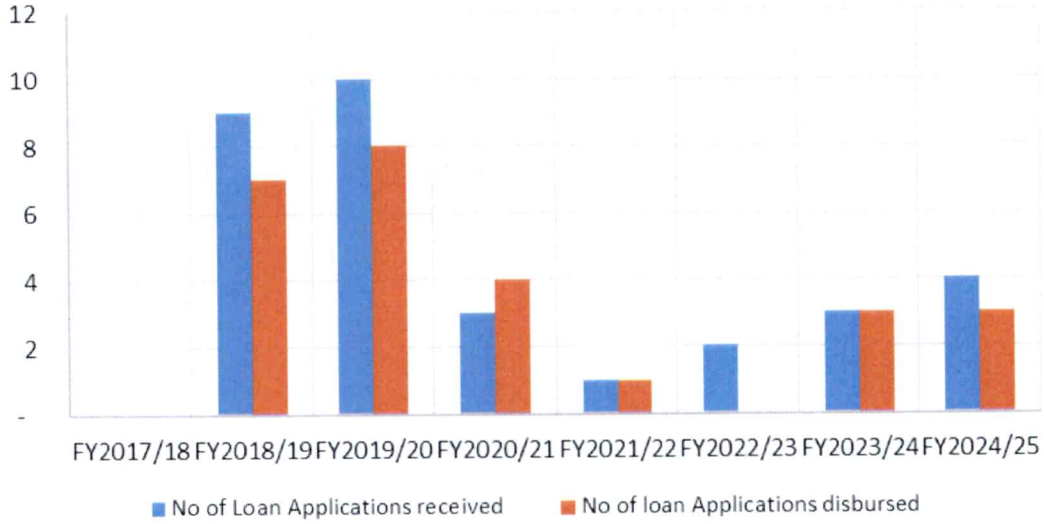


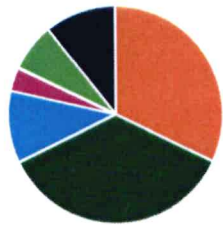
Fig 2. Loan Application Vs Disbursement



Loans Application Vs Disbursement

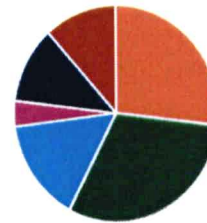


No of Loan Applications received



FY2017/18 FY2018/19 FY2019/20 FY2020/21
FY2021/22 FY2022/23 FY2023/24

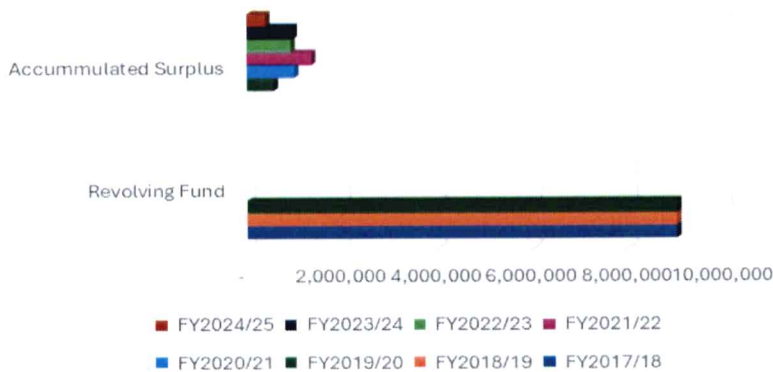
No of loan Applications disbursed



FY2017/18 FY2018/19 FY2019/20 FY2020/21
FY2021/22 FY2022/23 FY2023/24 FY2024/25

Fig 3. Changes in Net Assets

Changes in Net Assets





10 ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Fund relied on the Sponsor's environmental and sustainability activities during the year under review.

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11 REPORT OF THE FUND COMMITTEE

The Witness Protection Agency Staff Motor Car Loan Scheme Fund Committee submits its 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 to provide motor car loans to Witness Protection Agency members of staff to acquire personal motor cars.

Performance

The performance of the Fund for the year ended June 30, 2025, is set out on page 1 of pages 5

Fund Committee

The members of the Fund Committee who served during the year are shown on page (iii)

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 Fund Committee.


FCPA K. A Tanui

CHAIRPERSON, FUND COMMITTEE



12 STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84 (1) of Public Finance Management Act, CAP.412A and paragraph 8 of the Witness Protection Agency Motor Car Loan Scheme Fund Regulations of January, 2016, require that, at the end of each financial year, the Administrator of Witness Protection Agency Motor Car Loan Scheme Fund established by the State Officers and other public officers of the Government of Kenya circular dated 17th December, 2014 by the Salaries and Remuneration Commission circular 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 Witness Protection Agency Motor Car Loan Scheme 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 Witness Protection Agency Motor Car Loan Scheme 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, CAP. 412A and Witness Protection Agency Motor Car Loan Scheme Regulations and Guidelines of January, 2016. 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 year ended June 30, 2025, and of the Fund's financial position as at that date.

The Administrator further confirms 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 Witness Protection Agency Motor Car Loan Scheme Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the Financial Statements.

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

Approval of the Financial Statements

The Fund's Financial Statements were approved by the Witness Protection Agency Motor Car Loan Fund Committee on 1st August, 2025 and signed on its behalf by:

FCPA K. A Tanui
CHAIRPERSON, FUND COMMITTEE

Jedidah W. Waruhiu
OFFICER ADMINISTERING THE FUND

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REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON WITNESS PROTECTION AGENCY STAFF MOTOR CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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 the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the 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 under 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 the Witness Protection Agency Staff Motor Car Loan Scheme Fund as set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2025, and the statement of financial

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Witness Protection Agency Staff Motor Car Loan Scheme Fund as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Witness Protection Agency Staff Motor Car Loan Scheme Fund Regulations, 2016.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 Information

The Management is responsible for the other information set out on page iii to xxii which comprise of Key Fund information and Management, Fund Administration Committee, Management Team, Chairperson's Report, Report of the Officer Administering the Fund, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund 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 Witness Protection Agency Staff Motor Car Loan Scheme 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 material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for 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

07 October, 2025



14 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest Income	6	742,467	848,022
Total revenue		742,467	848,022
Expenses			
Use of Goods and services	7	304,437	906,183
Total expenses		(304,437)	(906,183)
Surplus/(Deficit) before tax		438,030	(58,161)
Taxation	8	61,494	88,261
Surplus/(Deficit) after tax		376,536	(146,422)

The notes set out on pages 6 to 16 form an integral part of these Financial Statements

The Financial Statements were approved on 1st August, 2025 and signed by;

FCPA K. A Tanui
CHAIRPERSON,
FUND COMMITTEE

Jedidah W. Waruhiu
OFFICER ADMINSTERING
THE FUND

CPA Ronoh Philemon
FUND ACCOUNTANT
ICPAK NO: 7250



15 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

Description	Note	2024/2025	2023/2024 (Reinstated)	2023/2024
		Kshs.	Kshs.	Kshs.
Assets				
Current Assets				
Cash and cash equivalents	9	16,904,626	19,860,294	20,284,704
Receivables from exchange transactions	10	137,297	48,179	48,179
Total Current Assets		17,041,923	19,908,473	20,332,883
Non-Current Assets				
Receivables from exchange transactions	10	10,727,126	8,122,439	8,122,439
Total Non-Current Assets		10,727,126	8,122,439	8,122,439
Total assets		27,769,049	28,030,912	28,455,322
Liabilities				
Current Liabilities				
Trade and other payables	11	-	638,400	638,400
Total current liabilities		-	638,400	638,400
Total liabilities		-	638,400	638,400
Net assets		27,769,049	27,392,512	27,816,922
Represented By:				
Car Loan Revolving Fund		27,000,000	27,000,000	27,000,000
Accumulated surplus		769,049	392,512	816,922
Net assets		27,769,049	27,392,512	27,816,922

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

The Fund Financial Statements were approved on 1st August, 2025 and signed by:

FCPA R. A Tanui
CHAIRPERSON,
FUND COMMITTEE

Jedidah W. Waruhiu
OFFICER ADMINSTERING
THE FUND

CPA Ronoh Philemon
FUND ACCOUNTANT
ICPAK NO: 7250



16 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Car Loan Fund	Accumulated Surplus	TOTAL
	Kshs.	Kshs.	Kshs.
Balance as at 1 st July 2023	27,000,000	849,344	27,849,344
Prior Period adjustment	-	114,000	114,000
Deficit for the period	-	(146,422)	(146,422)
As at 30 th June 2024	27,000,000	816,922	27,816,922
Interest Income In Backup Reinstated	-	(424,410)	(424,410)
As at 30 th June 2024 (Reinstated)	27,000,000	392,513	27,392,513
Balance as at 1 st July 2024	27,000,000	392,513	27,392,513
Surplus for the period	-	376,536	376,536
As at 30 th June 2025	27,000,000	769,049	27,769,049



17 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Notes	2024/2025	2023/2024 (Reinstated)	2023/2024
		Kshs.	Kshs.	Kshs.
Cash flows from operating activities				
Receipts				
Interest received	6	441,184	588,405	588,405
Total Receipts		441,184	588,405	588,405
Payments				
Use of Goods and services	7	729,960	-	-
Taxation	8	61,494	88,261	88,261
Total Payments		791,454	88,261	88,261
Net cash flows from/(used in) operating activities	12	(350,270)	500,144	500,144
Cash flows from investing activities				
Proceeds from Loan Principal Repayments		6,094,602	7,867,185	7,867,185
Loan Disbursement paid out		(8,700,000)	(5,490,000)	(5,490,000)
Net cash flows from/(used in) investing activities		(2,605,398)	2,377,185	2,377,185
Cash flows from financing activities				
Receipts into the car loan revolving fund		-	-	-
Net Cash flows from financing activities		-	-	-
Net increase/(decrease) in cash and cash equivalents		(2,955,668)	2,877,329	2,877,329
Cash and cash equivalents at 1 July 2024	9	19,860,294	16,982,965	17,407,375
Cash and cash equivalents at 30 June 2025	9	16,904,626	19,860,294	20,284,704



18 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Original Budget	Adjustments	Final budget	Actual on Comparable basis	Performance difference	% Utilization	Notes
	Kshs.			Kshs.	Kshs.		
	A	B	C=(a+b)	D	e=(c-d)	F=d/c	
Budget carryovers from FY2023/24	-	392,513	392,513	392,513	-	100%	
Revenue							
Interest Income	1,143,316	-	1,143,316	742,467	400,849	65%	(i)
Total Revenue	1,143,316	392,513	1,535,829	1,134,980	400,849	65%	
Expenses					-		
Use of Goods and services	972,708	-	972,708	388,437	584,271	40%	(ii)
Taxation	98,236	-	98,236	61,494	36,742	63%	(iii)
Total Expenditure	1,070,944	-	1,070,944	449,931	621,014	42%	
Surplus/Deficit	72,373	-	464,885	685,049	(220,164)		(iv)
Capital Expenditure	-	-	-	-	-		



Budget notes;

- I. Interest income of 65% was achieved due to consistent repayment of the Loans and also reduction of loan portfolio balance due to monthly repayments during the year;
- II. HFC does not charge bank charges on loan disbursement to the applicants. Bank charges are only applicable to other payment relating to the Fund. During the year, there were no payments processed for the Committee, Sub-Committee and Secretariat allowance. The Fund manager is paid a 3% on the loan balance;
- III. Taxation expenses of 63% refer to the 15% withheld tax at source on the interest income because it was anticipated that the Fund was going to disburse loan. However, the money remained in the Fixed Deposit account that earns interest and is subjected to 15% tax;
- IV. There was a surplus of Kshs. 685,049 as compared to a target of Kshs.72,373 which increased due to not undertaking quarterly retreats as planned due to exigencies of duty; and
- V. The budget was adjusted to accommodate the Budget carryovers from FY2023/24 as per the template requirement.

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	685,049
Interest Income Receivables	(52,585)
Trade and other Payables	-
Revolving fund balance	16,272,162
Closing Cash and Cash Equivalent as per the statement of Cash flows	16,904,626



19 NOTES TO THE FINACIAL STATEMENTS

1. General Information

Witness Protection Agency Staff Motor Car Loan Scheme Fund is established by and derives its authority and accountability from the State Officers and other public officers of the Government of Kenya circular dated 17th December, 2014 by the SRC`s circular and regulated by Witness Protection Agency Staff Motor Car Loan Scheme Fund Regulations. The Fund Regulations were approved by Witness Protection Advisory Board on January 2018. The Fund is wholly owned by the Witness Protection Agency and is domiciled in Kenya. The Fund`s principal activity is to provide motor car loans to Witness Protection Agency members of staff to enable them own personal cars as prescribed in the Regulation. The fund also caters for its administrative expenses.

2. Statement of compliance and basis of preparation

The Financial Statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of Financial Statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund`s accounting policies.

The Financial Statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Witness Protection Agency Staff Motor Car Loan Scheme Fund.

The Financial Statements have been prepared in accordance with the PFM Act, and and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of new and revised standards

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

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



	<p>represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>Expected impact cannot be assessed with certainty.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>Expected impact cannot be assessed with certainty.</i></p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be 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><i>Expected impact cannot be assessed with certainty.</i></p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>



	<i>Expected impact cannot be assessed with certainty.</i>
IPSAS 47: Revenue	Applicable 1st January 2026 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. <i>Expected impact cannot be assessed with certainty.</i>
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 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. <i>Expected impact cannot be assessed with certainty.</i>
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>Expected impact cannot be assessed with certainty.</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: 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>Expected impact cannot be assessed with certainty.</i>



ii. Early adoption of standards

The Fund did not early-adopt any new or amended standards in the year since they are not applicable.

4. 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 Scheme and can be measured reliably.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The fund budget for FY2024/25 was approved on 26th July, 2024 by the Witness Protection Agency Staff Motor Car Loan Scheme Fund committee and revised on 1st August 2025 to comply with PSASB Revised Template.

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

In addition to the Basis difference, adjustments to amounts in the Financial Statements are also made for differences in the formats and classification schemes adopted for the



presentation of the Financial Statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance.

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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

I. Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at 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.



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.

II. Financial liabilities

Classification

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



d) Contingent liabilities

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

e) Contingent assets

The Fund 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 Fund 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.

f) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. (Fund to state the reserves maintained and appropriate policies adopted).

g) Changes in accounting policies and estimates

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

h) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period



i) Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Officer Administering the Fund, the Fund Committee, and Fund secretariat.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 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 HFC banks at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Fund

The Fund is established under Section 24(4) PFM Act, CAP. 412A under the Witness Protection Agency. Its ultimate parent is the Government of Kenya.

n) Currency

The Financial Statements are presented in Kenya Shillings (Kshs.).

5. Significant judgments and sources of estimation uncertainty

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



a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (see IPSAS 1.140.)

There were significant judgments and sources of estimation uncertainty.

- i. Interest income receivable will be transferred by the Fund Manager to the Fund Account.
- ii. Loanees will remain as staff of the Witness Protection Agency during the life of the
- iii. Witness Protection Agency will continue to grant the Fund through the National Treasury.

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:

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

The Fund has no assets.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Interest Income

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Fixed Deposit Interest Income	335,456	490,977
Interest Income from Car Loans (4%)	407,011	357,045
Total Interest Income Earned	742,467	848,022
Interest Income Received	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Fixed Deposit Interest Income	335,456	490,977
Interest Income from Car Loans (1%)	105,728	97,428
Total Interest Income Received	441,184	588,405

7. Use of Goods and services

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Bank Charges	1,260	-
Administration fees (3%)	296,877	267,783
Quarterly and Annual Retreat	6,300	638,400
Total	304,437	906,183
Use of Goods and services Paid	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Bank Charges	1,260	-
Annual Retreat	728,700	-
Total Paid	729,960	-

The Fund held an annual retreat during the FY2023/2024 to prepare the annual report and financial statements, and plan for the financial year under review which was paid in the FY2024/25.



8. Taxation

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Fixed Deposit Interest Income Tax Charge	50,318	73,647
Car Loan Interest Income Tax Charge	11,175	14,614
Income Tax Expenses	61,494	88,261

Fixed Deposit Interest Income Tax and Car Loan Interest Income Tax attract a withholding interest of 15% of which is withheld at source.

9. Cash and Cash Equivalents

Description	FY2024/2025	FY2023/2024 (Reinstated)	FY2023/2024
	Kshs.		Kshs.
Fixed Term Deposit Account	16,904,626	20,723,214	20,723,214
Backup Account	-	(862,920)	(438,510)
Total cash and cash equivalents	16,904,626	19,860,294	20,284,704

In the FY2023/2024, the Backup account had a balance of Kshs.(438,510) comprises of Interest Income of Kshs.424,410 earned and Expenses of Kshs.862,920 paid from the same account. The Fund manager reversed the expenses and charged them to the Fixed Term Deposit Account. The Interest income had been double accounted hence corrected by adjusting the opening balance as per IPSAS 3.

9 (a) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

Financial Institution	Account number	FY2023/2024	FY2023/2024	FY2023/2024
		24	(Reinstated)	24
		Kshs.	Kshs.	Kshs.
Motor Car Fund				
Housing Finance Corporation Fixed Term Deposit Account	3788783401-0	16,904,626	20,723,214	20,723,214



Financial Institution	Account number	FY2023/2024	FY2023/2024 (Reinstated)	FY2023/2024
		Kshs.	Kshs.	Kshs.
Housing Finance Corporation Backup Account	3788783101-0	-	(862,920)	(438,510)
Grand Total		16,904,626	19,860,294	20,284,704

10. Receivables from exchange transactions

	FY2024/2025		FY2023/2024	
	Kshs.		Kshs.	
Current Receivables				
Car Loan Interest Receivable-1% Interest	52,585		48,179	
Current Loan Repayment Due	712			
Quarterly and Annual Retreats	84,000			
Total Current Receivables	137,297		48,179	
Non-Current Receivables				
Long Term Loan Repayment Due	10,727,126		8,122,439	
Total Non-Current Receivables	10,727,126		8,122,439	
Total Receivables	10,864,423		8,170,618	
Receivables Aging Analysis	FY2024/2025	% of total	FY2023/2024	% of total
Less than 1 year	137,297	1%	3,344,960	41%
Between 1-2 years	3,105,340	29%	2,645,274	32%
Between 2-3 years	2,542,761	23%	1,629,556	20%
Over 3 years	5,079,025	47%	550,828	7%
Total	10,864,423	100%	8,170,618	100%



The quarterly and annual retreats payable of Kshs.84,000 relates to conference facilitation fee advanced for a retreat which had not been finalized by the end of the year.

11. Trade and other payables

Description	FY2024/2025		FY2023/2024	
	Kshs.		Kshs.	
Annual Retreat	-		638,400	
Total Trade and other payables	-		638,400	
Trade and other payables Aging Analysis	FY2024/2025	% of total	FY2023/2024	% of total
Under 1 year	-	-	638,400	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	638,400	100%

12. Net cash flows from operating activities

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Surplus/(Deficit) for the year before tax	426,855	55,839
Adjusted for;		
Interest Income (Tax)	61,494	(934,353)
Working capital adjustments		
Increase/Decrease in receivables	(189,043)	854,258
Decrease/Increase in payables	(638,400)	524,400
Net cash flows from operating activities	(350,270)	500,144

13. Prior Period adjustment

There was a reinstatement of the FY2023/2024 Financial Statement as per IPSAS 3 whereby the Backup account had a balance of Kshs.(438,510) comprises of Interest



Income of Kshs.424,410 earned and Expenses of Kshs.862,920 paid from the same account. The Interest income had been double accounted for, hence corrected by adjusting the opening balance as per IPSAS 3.

14. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. The Fund's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize 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 company's management based on prior experience and their assessment of the current economic environment.

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2025				
Receivables From Exchange Transactions Car Loan	137,297	137,297	-	-
Bank Balances	16,904,626	-	-	-
Total	17,041,923	137,297	-	-
At 30 June 2024				
Receivables From Exchange Transactions Car Loan	48,179	48,179	-	-
Bank Balances	20,284,704	-	-	-
Total	20,332,883	48,179	-	-



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 Scheme 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2025				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Trade Payables	-	-	-	-
Total	-	-	-	-

c) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the 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 optimizing the return. Overall responsibility for managing market risk rests with the Fund Committee.

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



d) 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 company'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, committee has endeavoured to bank with institutions that offer favorable interest rates.

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. The analysis has been performed on the same basis as the prior year.

e) 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 Fund capital structure comprises of the following funds:

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Revolving fund	27,000,000	27,000,000
Accumulated surplus	769,049	816,922
Total funds	27, 769,049	27, 816,922
Less: cash and bank balances	(16,904,626)	(20,284,704)
Net debt/(excess cash and cash equivalents)	10,828,423	7,532,218
Gearing	0%	0%

15. 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) Witness Protection Agency;
 - b) Key Management; and
 - c) Witness Protection Agency Staff Motor Car Loan Scheme Fund Committee; etc
- b) Key Management remuneration

Description	FY2024/25	FY2023/24
	Kshs.	Kshs.
Fund Committee	-	-
Key Management Compensation	-	-
Total	-	-

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20 ANNEXES

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

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)
N/A	N/A	N/A	N/A	N/A

There were no audit issues raised by the Office of the Auditor General on the Fund's audited financial statement for the previous years.

Jedidah W. Waruhiu
OFFICER ADMINISTERING THE FUND

Date: 1st August, 2025

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Annex II: Inter-Fund Confirmation Letter

This is not applicable to the Fund

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Annex III: Reporting of Climate Relevant Expenditures

This is not applicable to the Fund

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Annex IV: Reporting on Disaster Management Expenditure

This is not applicable to the Fund

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Witness Protection Agency

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