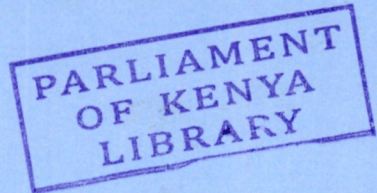
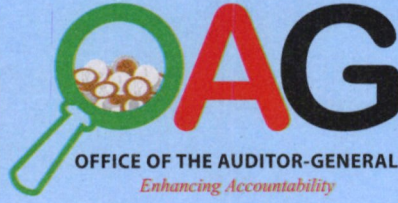


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**BUNGOMA COUNTY ASSEMBLY
EMPLOYEE CAR LOAN AND
MORTGAGE SCHEME FUND**

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

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen. Mutinda on behalf of Majority Leader
COMMITTEE	
CLERK AT THE TABLE	Belinda



COUNTY ASSEMBLY OF BUNGOMA
BUNGOMA COUNTY ASSEMBLY – EMPLOYEE CAR LOAN AND
MORTGAGE FUND

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

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

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

1. Acronyms and Definition of Key Terms

A. Acronyms

CAB	County Assembly of Bungoma
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
MCA	Member of County Assembly
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SRC	Salaries and Remuneration Commission

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.

2. Key Fund Information and Management

a) Background information

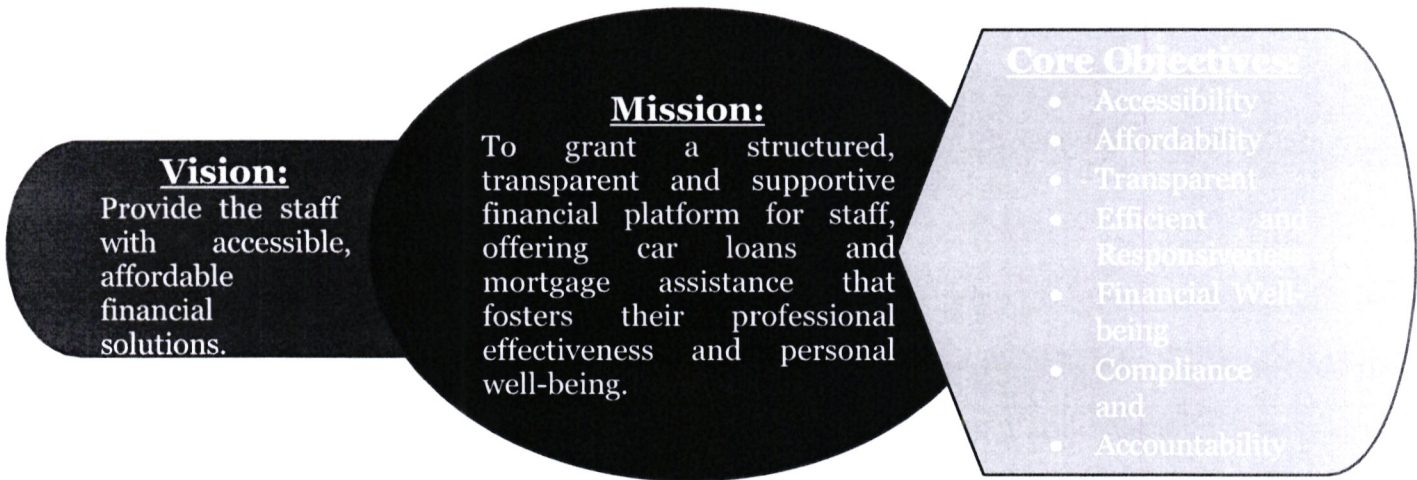
Bungoma County Assembly Employee Car Loan and Mortgage Fund is established by and derives its authority and accountability from Public Finance Management Act, 2012, The Public Finance Management (Bungoma County Assembly Employees’ Car Loan and Mortgage Scheme Fund) Regulations, 2025. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to administer a mortgage and car loan scheme for members of staff to access loan facilities for purchase and development of residential houses; and purchase of motor vehicles for personal use by members of the scheme. The fund is managed by a fund administrator who through the fund administration committee is charged with the responsibility of processing loans from applicants in accordance with the regulations, setting up a revolving fund for the disbursement of loans and supervising day to day operation of the fund.

The objective of the fund is to;

- (i) Provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme
- (ii) Raise funds for the implementation of the objectives contemplated above.



**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Key Fund and Management (Continued)

c) Fund Administration Committee

The Fund Administration Committee members who held office during the financial year period ended 30th June 2025 were;

Ref	Name	Position
1.	Dr Leonard Juma Momos	Chairperson
2.	Abraham Simiyu Wekesa, CHRP	Member
3.	Ignatius Wangila	Member
4.	Ann Nang'oni Wekesa, CHRP	Member
5.	Symon Wanjala Walukana, CPA	Member
6.	Mr Charles W. Wafula	Fund Administrator

d) Key Management team

Ref	Name	Position
1.	Mr Charles W. Wafula	Fund Administrator
2.	Symon Wanjala Walukana, CPA	Principal Finance Officer
3.	Ann Nang'oni Wekesa, CHRP	Senior Human Resource Manager
4.	Elias Taskin	Fund Accountant

e) Fiduciary Oversight Arrangements

SN.	Name	Position
1.	CPA, Alfred Makokha	Principal Internal Auditor

f) County Assembly of Bungoma Headquarters

County Assembly of Bungoma
P.O. Box 1886 -50200
Former County Council Building
Moi Avenue
BUNGOMA, KENYA

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

g) County Assembly of Bungoma Contacts

Telephone: 0202651905 / 0208000663

E-mail: info@bungomaassembly.go.ke

Website: <http://www.bungomaassembly.go.ke>

h) Bungoma County Assembly Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank of Kenya
P.O. Box 201- 50200
BUNGOMA, KENYA

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Key Fund and Management (Continued)

k) County Attorney

The County Attorney

County Government of Bungoma

P.O. Box 437 - 50200



BUNGOMA, KENYA

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

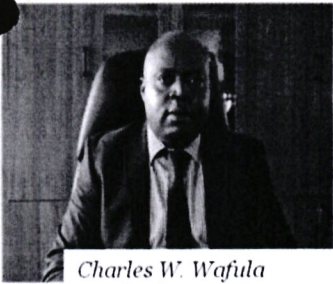
3. Fund Administration Committee

<p>1.</p>  <p><i>Dr. Leonard Momos Juma Chairperson</i></p>	<p><i>Dr. Momos Leonard is a distinguished academic and professional expert with extensive knowledge in business management and strategic leadership. He holds a PhD in Business Management with a focus on Strategic Management from Masinde Muliro University of Science and Technology, complemented by an MBA in Strategic Management from Kibabii University.</i></p> <p><i>His educational background also includes a Bachelor’s degree in Education Arts from Moi University and various diplomas and certifications in areas including strategic management, performance appraisals, gender mainstreaming, and parliamentary practices, reflecting his commitment to continuous professional development and expertise in both management and educational fields. He currently serves as the Deputy Clerk of Legislative Services at the County Assembly of Bungoma, where he has held pivotal roles in legislative services. Dr. Leonard is also a seasoned consultant and trainer, having participated in numerous workshops and conferences, including significant contributions to research, legislative management, reviewing advocacy plans and developing and review strategic plans. His achievements include transforming the County Assembly’s document management system and authoring key procedural handbooks and have authored several influential publications.</i></p>
<p>2.</p>  <p><i>Ignatius Wekesa Wangila Member</i></p>	<p><i>Mr. Ignatius Wangila is the Principal Legal Counsel at the County Assembly. He holds an LLB from Kampala International University and a Diploma in Law from the Kenya School of Law.</i></p> <p><i>He is an Advocate of the High Court of Kenya, a Commissioner for Oaths, and a Certified Secretary (Advanced Level). Before his current role, Mr. Wangila served as a Prosecuting Counsel in the Office of the Director of Public Prosecutions and worked as a Private Legal Practitioner.</i></p>
<p>3.</p>  <p><i>Symon Wanjala Walukana Member</i></p>	<p><i>Simon Walukana, CPA is the Principal Finance Officer at the County Assembly. He holds a Bachelor’s Degree in Commerce (Accounting Option) and a Diploma in Accountancy and is a CPA-K holder.</i></p> <p><i>He has earned both a Senior Management Certificate and a Strategic Leadership Development Program certificate from the Kenya School of Government. CPA Walukana is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He began his career as an Accountant at Kimilili Municipal Council</i></p>

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>before joining the Bungoma County Assembly as a Budget Officer, eventually rising to his current position.</p>
<p>4.</p>  <p>Abraham Simiyu Wekesa Member</p>	<p>Abraham Simiyu Wekesa, <i>CHRP</i> is a highly accomplished senior management executive with over a decade plus of experience as a Human Resource Generalist. His educational background is impressive, holding a Diploma in Human Resource Management, a Bachelor's degree, and a Master's degree in Project Planning and Management from the University of Nairobi. Abraham is currently pursuing a Doctorate of Business Administration in Human Resource Management at Kibabii University and has completed coursework for a Master of Science in Human Resource Management from Masinde Muliro University of Science and Technology; He is a Certified Human Resource Professional of Kenya.</p> <p>Abraham has made significant contributions to the organizations he has served. As the Head of HR Management at the County Assembly of Bungoma since 2022, he has been instrumental in developing and implementing HR policies, procedures, and strategies. Prior to this role, he held various positions as a Human Resource Officer at the County Assembly of Bungoma (2015-2021), the County Government of Bungoma (2013-2015), and the Municipal Council of Bungoma (2007 -2013). In these roles, he has coordinated training and development programs, implemented HR policies, managed employee benefits and remuneration, and introduced integrated payroll management systems, enhancing efficiency and transparency. A member of the Institute Human Resource Management (<i>IHRM</i>) where serves as Chairman <i>IHRM</i> – Western Branch.</p>
<p>5.</p>  <p>Ann Nang'oni Wekesa Member</p>	<p>Ms. Anne Wekesa, <i>CHRP</i> is a Senior Human Resource Officer at the County Assembly of Bungoma. She holds a Bachelor's Degree in Business Management (Human Resource Option), a Higher National Diploma in Human Resource, and a Diploma in Theology. She is a Certified Human Resource Practitioner and has previously served as a Human Resource Officer at the County Assembly, an Administrative Officer at Kimilili Municipal Council, and an intern at the Judiciary.</p> <p>Ms. Wekesa is a member of the Institute of Human Resource Practitioners and has completed both the Senior Management Course and the Strategic Leadership Program at the Kenya School of Government.</p>

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**



Charles W. Wafula
Fund Administrator



6.

Mr. Charles Wafula is a distinguished public servant currently serving as the Clerk of the County Assembly of Bungoma. With a strong educational background, Wafula holds a Master's degree in Corporate Governance and an undergraduate degree in Accounting from KCA University. His commitment to professional excellence is further demonstrated by his CPA II certification and membership in the Institute of Internal Auditors and Kenya Institute of Management. Mr. Wafula has undergone extensive training at the Kenya School of Government, earning certificates in Transformative Leadership, Strategic Leadership Development Program, and Senior Management.

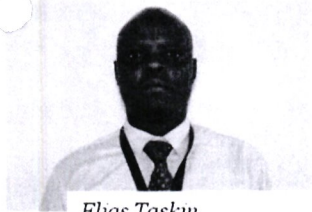
Wafula's career in public service spans an impressive 14 years, during which he has honed his skills and expertise in governmental accounting and administration. He began his journey with the Municipal Council of Bungoma, where he served as an accountant, gaining valuable experience in local government finance. Wafula then transitioned to the County Assembly of Bungoma, continuing to contribute his financial acumen to the region's governance. His dedication and proficiency in his field culminated in his appointment as the Clerk of the County Assembly of Bungoma in 2022, a position that recognizes his extensive experience and leadership capabilities in public sector management.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Management Team

Name	Details of qualifications and experience
<p>1.</p>  <p>Charles W. Wafula Fund Administrator</p>	<p>Mr. Charles Wafula is a distinguished public servant currently serving as the Clerk of the County Assembly of Bungoma. With a strong educational background, Wafula holds a Master's degree in Corporate Governance and an undergraduate degree in Accounting from KCA University. His commitment to professional excellence is further demonstrated by his CPA II certification and membership in the Institute of Internal Auditors and Kenya Institute of Management. Mr. Wafula has undergone extensive training at the Kenya School of Government, earning certificates in Transformative Leadership, Strategic Leadership Development Program, and Senior Management.</p> <p>Wafula's career in public service spans an impressive 14 years, during which he has honed his skills and expertise in governmental accounting and administration. He began his journey with the Municipal Council of Bungoma, where he served as an accountant, gaining valuable experience in local government finance. Wafula then transitioned to the County Assembly of Bungoma, continuing to contribute his financial acumen to the region's governance. His dedication and proficiency in his field culminated in his appointment as the Clerk of the County Assembly of Bungoma in 2022, a position that recognizes his extensive experience and leadership capabilities in public sector management.</p>
<p>2.</p>  <p>Symon Wanyala Walukana Principal Finance Officer</p>	<p>Simon Walukana, CPA is the Principal Finance Officer at the County Assembly. He holds a Bachelor's Degree in Commerce (Accounting Option) and a Diploma in Accountancy and is a CPA-K holder.</p> <p>He has earned both a Senior Management Certificate and a Strategic Leadership Development Program certificate from the Kenya School of Government. CPA Walukana is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He began his career as an Accountant at Kimilili Municipal Council before joining the Bungoma County Assembly as a Budget Officer, eventually rising to his current position.</p>

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**



*Elias Taskin
Fund Accountant*

Mr. Elias Taskin is the Fund Accountant. He holds a Bachelor's Degree in Commerce (Finance Option) from Kenyatta University and is a CPA Finalist. Currently, he works as an Accountant at the County Assembly. Before his current position, Mr. Taskin worked as an Accountant at Elgon Teachers Sacco.

3.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

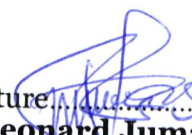
5. Fund Chairperson’s Report

The Bungoma County Assembly - Employee Car Loan and Mortgage Fund is pleased to present Fund’s Annual Report and Financial Statements for the period ended 30th June, 2025. In this respect, the CAB has continued to implement the employee Car Loan and Mortgage fund in line with Government regulations. The CAB Employee Car Loan was set up in January 2017 and the Mortgage in April 2018 as a revolving fund pursuant to the Salaries and Remuneration Commission (SRC) Circular REF. No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 on approval for state officers and other public officers to benefit from affordable government-funded loans.

Further, the Fund derives its authority and accountability from the PFM Act, 2012, the Bungoma County Assembly (Employees’ Car Loan and Mortgage Scheme Fund) Regulations 2025.

In the FY 2024/2025, the Employee Fund generated interest income amounting to Kshs. 6,207,987, reflecting an increase from Kshs. 4,791,914 recorded in the previous financial year. Notably, the Fund did not receive any transfers during the period. A total of thirty-nine (39) mortgage applicants and six (6) car loan applicants benefited from the Bungoma County Assembly Employee Car Loan and Mortgage Fund. I encourage all CAB staff members to make optimal use of this facility to enhance their welfare and to leverage the Employee Fund scheme in realizing the vision of affordable housing and improved mobility.

I would like to thank the County Treasury, Kenya Commercial Bank (KCB), the members of the Fund Committee and the staff of the CAB for their support towards fulfilling the Fund’s mandate.

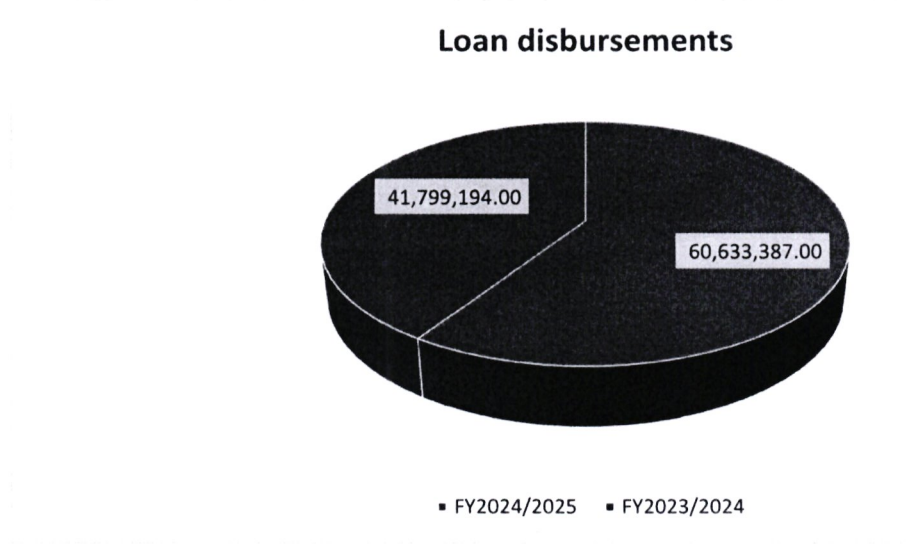
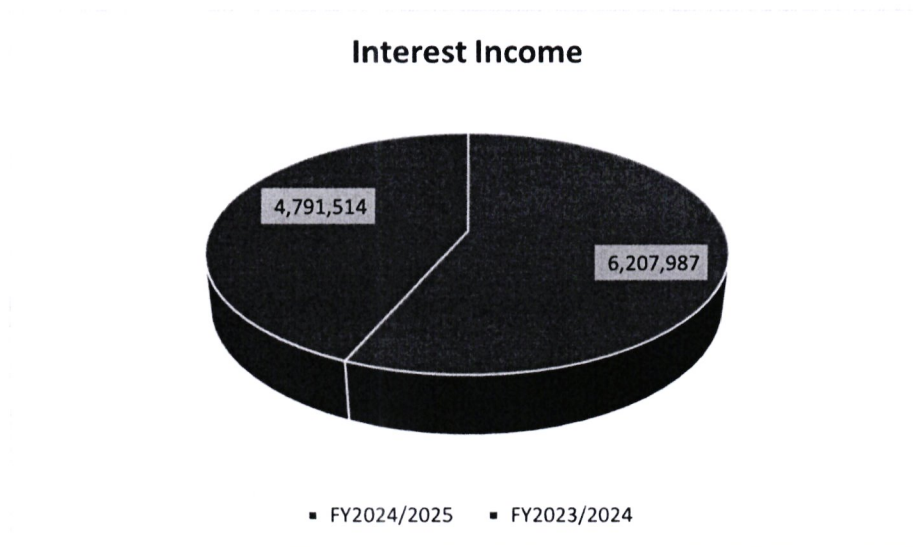
Signature  Date. 27th August, 2025.
Dr. Leonard Juma Momos
Chairperson of the Fund

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

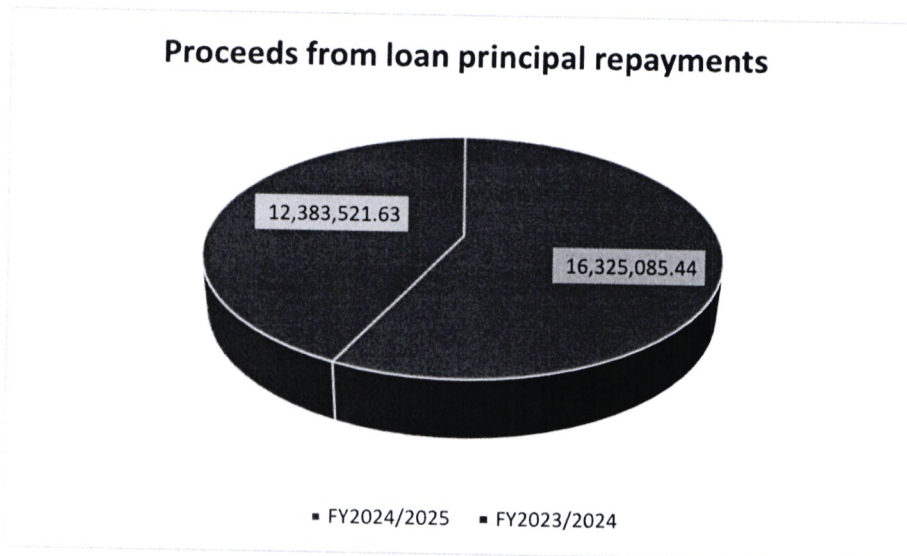
6. Report of The Fund Administrator

The fund hereby submits the Financial Statements and Annual Report for the period ended 30th June, 2025. In the period under review there were no transfer receipts from the exchequer which harbored the Fund’s will to sustain the impressive performance to the future which is prerequisite in meeting its goals and objectives of providing affordable loan products to CAB employees. The Fund value grew from Kshs 265,656,643 in the FY 2023/24 to Kshs 268,317,402 in the FY 2024/2025.

The fund performance within the year has been illustrated below;



**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**



In the FY 2024/2025, the Employee Fund earned interest income totaling Kshs. 6,207,987, representing an increase from Kshs. 4,791,914 in the previous financial year.

The performance of the interest income against the budget improved significantly, rising from 81% in the prior year to 103% during the year under review. Similarly, the budget absorption for expenditure increased from 45% in the previous financial year to 71% in the current period.

The Bungoma County Assembly - Employee Car Loan and Mortgage Fund aims to ensure sustainability, growth, and accessibility for eligible employees, while adhering to regulations and enhancing financial performance. It supports employee welfare through affordable loans and mortgages for auto mobility and housing.

The Bungoma County Assembly - Employee Car Loan and Mortgage Fund faces several inherent risks, including potential defaults on loans, which could impact financial stability. Regulatory non-compliance could result in legal issues. I convey my gratitude to the Fund Management Committee, staff and stakeholders for the continued commitment and support. Thank you.

Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Signature.......... Date: 27th August, 2025.
Mr. Charles W. Wafula
Administrator of the Fund

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Introduction

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

The key development objectives of the Fund as per the Bungoma County Assembly (Employees’ Car Loan and Mortgage Scheme Fund) Regulations 2025 are to:

- a) Provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme
- b) Raise funds for the implementation of the objectives contemplated above.

Progress on attainment of fund’s objectives

Below we provide the progress on attainment of fund’s objectives:

Program	Objective	Actual	Target	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	39 mortgages successfully applied	31% of staff have taken Mortgage facilities	During FY 2024/25, 39 Members of staff accessed the facility and were able build their own houses
Provision of Car Loan facilities to all members of staff	To ensure all staff have access to Car Loan facilities	6 Car Loans successfully applied	5 % of staff have taken Car Loan facilities	During FY 2024/25, 6 Members of staff accessed the facility and were able to buy their own Cars

8. Corporate Governance Statement

The fund derives its authority and accountability from the Bungoma County Assembly (Employees' Car Loan and Mortgage Scheme Fund) Regulations 2025. The remuneration to the Committee is as per the provisions of the Salaries and Remuneration Committee. To enhance integrity in the dispensation of the roles of the Committee, members are to avoid any conflict of interest or declare where is.

a) Process of Appointment and Removal of the Fund Management Committee Members

The Members of Bungoma County Assembly -Employee Car loan and Mortgage Fund are appointed in accordance with Section 6 (1) & (2) of the Bungoma County Assembly (Employees' Car Loan and Mortgage Scheme Fund) Regulations 2025.

b) Roles and Functions of the Fund Management Committee Members

Under Section 6 (3) of the Public Finance Management (Bungoma County Assembly Employees' Car Loan and Mortgage Scheme Fund) Regulations, 2025 are to;

- i. Process applications for loans in accordance with the existing terms and conditions of borrowing;
- ii. Liaise with a financial institution (if any) for the purpose of loan disbursement;
and
- iii. Establish a secretariat to supervise the day to day running of the fund.

Further, more roles and responsibilities of the Fund Management Committee has been spelt out under section 6 (5), 7 (3) and 14.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

c) Number of Fund Management Committee Meetings

For the period ended in 30th June, 2025, the following members served in the Bungoma County Assembly -Employee Car loan and Mortgage Fund and held five (5) meetings;

Fund Committee Meetings Attendance Summary FY 2024/2025							
S/No.	Member	Designation					
1	Dr Leonard Juma Momos	Chairperson	✓	✓	✓	✓	✓
2	Abraham Simiyu Wekesa, CHRP	Member	✓	✓	✓	✓	✓
3	Ignatius Wangila	Member	✓	✓	✓	✓	✓
4	Ann Nang'oni Wekesa, CHRP	Member	✓	✓	✓	✓	✓
5	Symon Wanjala Walukana, CPA	Member	✓	✓	✓	✓	✓

Audit Committee

In ensuring that corporate governance and integrity is enhanced, the Fund Management Committee engages the audit committee. The members of this committee during the year under review were:

SN.	Name	Position
1.	Dr. Destings N. Nyongesa	Chairperson
2.	Mr. Fred Wasike	Member
3.	Mr. Murambi Njibwakale	Member
4.	Ms. Carolyn Akirapa	Member
5.	CPA Alfred Makokha	Secretary

Table 1: Audit Committee Members

Auditor

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.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

9. Management Discussion and Analysis

The management of the Fund was guided by the PFM Act, 2012 and the Bungoma County Assembly (Employees’ Car Loan and Mortgage Scheme Fund) Regulations 2025 on which the Fund is anchored to govern its operations and comply with disbursement guidelines.

In the financial year ended 30th June, 2025, the Fund had an accumulated surplus of Kshs 13,245,456. This resulted to a total net asset of Kshs 268,317,402. The total amount of loan payment within the year amounts to Kshs 16,325,085.

FINANCIAL YEAR	TRANSFER RECEIPTS FROM COUNTY TREASURY
2017/2018	80,911,570
2018/2019	15,000,000
2019/2020	29,964,368
2020/2021	-
2021/2022	30,196,008
2022/2023	99,000,000
2023/2024	-
2024/2025	-
	255,071,946

Since inception, the Employees have benefited from the Bungoma County Assembly - Employee Car Loan and Mortgage Fund. In the financial year ended 30th June, 2025, there were sixty-one (61) successful applicants for mortgage and six Car Loan.

FY 2024/2025	Successful applications	Value of the Issued Mortgages and Car Loans (Kshs)
Mortgage Loan	39	51,133,387
Car Loan	6	9,500,000
Total		60,633,387

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

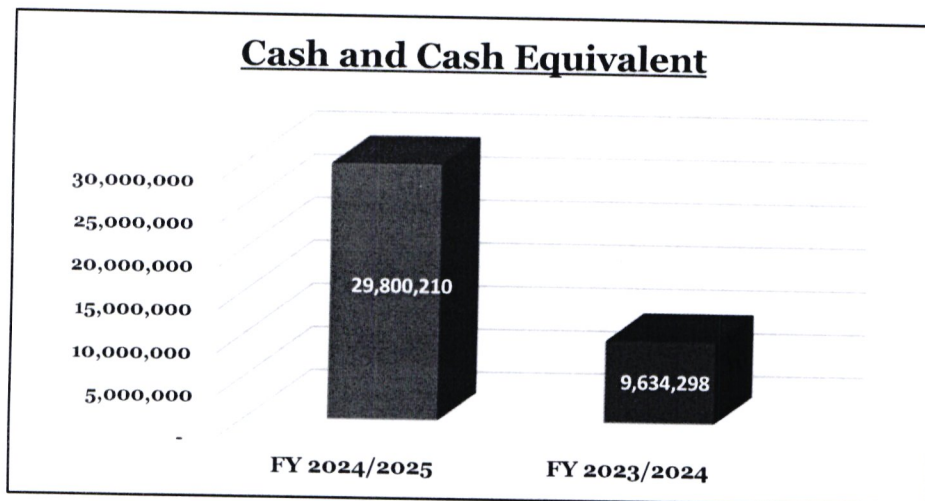
Business Performance

Revenue

In the year ended 30th June, 2025, the Fund was able to realize Kshs 6,207,987 in actual interest which is an Increase from Kshs. 4,791,914 realized in the comparative financial year 2023/2024. The interest earned was used to offset the administration costs of the Fund.

Cash flows

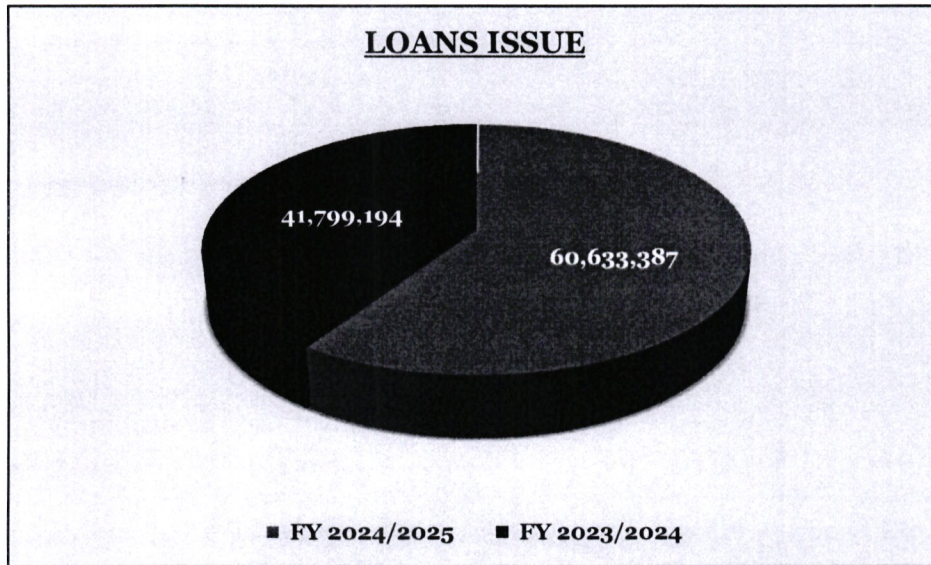
We have not had many liquidity disruptions in the period under review. The cash and cash equivalents was Kshs. 29,800,210 as at 30th June, 2025 which is an increase from the prior year's cash flow of Kshs. 9,634,298.



**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Loans Disbursements

During the financial year 2024/2025, the Fund disbursed a total of Kshs. 60,633,387 which was an increase from Kshs 41,799,194 analyzed as follows;



Operational Performance

The Fund's core operating activity is to offer car loans and mortgage to CAB Employees.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

10. Environmental and Sustainability Reporting

The Bungoma County Assembly -Employee Car loan and Mortgage Fund exists to motivate the CASB to reduce rate of staff turnover and retain skills in the labour force. Key factors on which the disbursement of the loans is anchored to:

i) Sustainability strategy and profile

The Revolving fund sustainability is assured through the existence of Fund Committee who ensure that the loans taken up by staff are sufficiently secured, whilst the beneficiaries can repay the loan without strain on their financial resources as per the requirement of the 1/3rd salary rule. A proportion of the income interest is also lumped up with the Fund and marginally contribute to the growth of the Fund.

ii) Environmental performance

CAB's Environmental Management and Sustainability Policy guides its commitment to environmental conservation. The policy, enforced by the Environment Management and Sustainability Committee (EMSC), promotes energy conservation, responsible water use, and sustainable waste management. Successes include the disposal of e-waste through the ICT Authority (ICTA) E-waste Kenya Centre on August 1, 2024, ensuring compliance with the Asset Disposal Act, 2015. Additionally, CAB partnered with the Kenya Forestry Research Institute (KEFRI) to plant trees, increasing green cover and supporting biodiversity preservation. A notable initiative was the town cleanup exercise on October 21, 2024, in collaboration with the County Assemblies Sports Association (CASA), enhancing Bungoma town's cleanliness. Shortcomings include limited funding for large-scale environmental projects, such as solar energy adoption. Efforts to reduce environmental impact include transitioning to digital platforms, reducing paper usage by 60% in FY 2024/2025.

iii) Employee welfare

Employee welfare is essential for sustainability in the implementation of County Programmes and projects. Disbursement of the loans at the favorable rates allow for personal development whilst removing hurdles that limit their disposable income.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

11. Report of The Trustees

The Members submit their report together with the audited financial statements for the year ended June 30th, 2025 which show the state of the Fund affairs.

Fund’s Principal activities

The principal activities of the Fund are;

- a) Provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme
- b) Raise funds for the implementation of the objectives contemplated above.

Results

The results/ performance of the Fund for the year ended June 30th, 2025 are set out on page xviii – xx.

Trustees

The members of the Fund Administration Committee who served during the year are shown on page vii - xi.

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.

By Order of the Committee.

Signed:  Date: **27th August, 2025**.

Mr. Ignatius Wangila
Member of the Fund Committee

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 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 the Bungoma County Assembly (Employees’ Car Loan and Mortgage Scheme Fund) Regulations 2025, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the PSASB.

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

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Bungoma County Assembly (Employees’ Car Loan and Mortgage Scheme Fund) Regulations 2025. 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 30th, 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.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

In preparing the financial statements, the Administrator has assessed the Fund’s ability to continue as a going concern and 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 27th August, 2025 and signed on its behalf by:



.....

Mr. Charles W. Wafula
Administrator of the Fund

REPUBLIC OF KENYA

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



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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund set out on pages 1 to 41, which

Report of the Auditor-General on Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2025

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bungoma County Assembly Employee Car Loan and Mortgage 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 (Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund) Regulations, 2025 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Non-Recovery of Loans

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.235,524,585 as disclosed in Note 18 to the financial statements. However, review of the loan repayment and loan amortization schedules provided for audit revealed that loans amounting to Kshs.11,525,383 have not been serviced for a period of four (4) years by four (4) employees of the County Assembly of Bungoma. Further, no explanation or documentation was provided on why the Fund has not initiated recovery measures using the securities held against these loans. Additionally, no provision for bad and doubtful debts has been made in the financial statements.

In the circumstances, the accuracy and recoverability of loans balance of Kshs.11,525,383 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bungoma County Assembly Employee Car Loan and Mortgage Scheme 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 qualified 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 amounting to Kshs.6,000,000 and Kshs.6,207,987 respectively, resulting to an over-collection of Kshs.207,987 or 3% of the approved

Report of the Auditor-General on Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2025

budget. Similarly, the Fund expended Kshs.3,547,227 against an approved budget of Kshs.5,030,000 resulting to under-expenditure of Kshs.1,482,773 or 29% of the budget.

In the circumstances, Management did not observe fiscal discipline.

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. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the report for the previous year, one issue was raised under Emphasis of matter and two issues under Report on Lawfulness and Effectiveness in the Use of Public Resources. However, two issues had not been resolved as detailed in **Appendix I** and Management did not provide satisfactory reasons for the delay in resolving the issues.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Failure to provide Jointly Registered Ownership Documents

The statement of financial position and Note 18 reflect long-term receivables from exchange transactions balance of Kshs.235,524,585, which includes loans of Kshs. 60,633,387 disbursed during the year under review. However, included in this balance is an amount of Kshs.40,483,675, for which log books and title deeds which are jointly registered under the Fund and borrowers were not provided for audit as required by Regulation 13(1) of the Public Finance Management (Bungoma County Assembly Employees' Car Loan and Mortgage Scheme Fund) Regulations, 2025 which provides that a loan approved under Regulation 11(2) shall be released from the Fund taking into account the security of the loan.

In the circumstances, the ownership rights and obligations of long-term receivables from exchange transactions balance of Kshs.40,483,675 could not be confirmed

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease its operations.

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 November, 2025

Appendix I

Unresolved Prior Year Matters

Reference No. on the Auditor-General's Audit Report	Issue / Observation
	Emphasis of Matter
	Budgetary Control and Performance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
2	Failure to Provide Jointly Registered Ownership Documents

**Bungoma County assembly – Employee Car Loan and Mortgage 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	FY2023/2024	FY2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	7	-	-
Fines, Penalties and Other Levies	8	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	9	6,207,987	4,791,514
Other Income	10	-	-
		6,207,987	4,791,514
Total Revenue		6,207,987	4,791,514
Expenses			
Employee Costs	11	-	-
Use of goods and services	12	3,547,227	2,710,133
Depreciation and Amortization Expense	13	-	-
Finance Costs	14	-	-
Total Expenses		3,547,227	2,710,133
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Surplus/(Deficit) for the Period		2,660,759	2,081,381

.....
Name: Charles W. Wafula
Administrator of the Fund

.....
Name: Symon Walukana
Principal Finance Officer
ICPAK Member Number: 19456

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	29,800,210	9,634,298
Current Portion of Long- Term Receivables From Exchange Transactions	18	2,992,607	64,740,782
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		32,792,817	74,375,081
Non-Current Assets			
Property, Plant and Equipment	22	-	-
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	235,524,585	191,723,863
Investment Property	24	-	-
Total non- current assets		235,524,585	191,723,863
Total Assets (A)		268,317,402	266,098,944
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	442,301
Current Provisions	26	-	-
Current Portion of Borrowings	27	-	-
Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Total current liabilities		-	442,301
Non-Current Liabilities			
Non-Current Provisions	-	-	-
Long Term Portion of Borrowings	-	-	-
Non-Current Employee Benefit Obligation	-	-	-
Social benefit liabilities	29	-	-
Total Liabilities (B)		-	442,301
Net Assets (A-B)		268,317,402	265,656,643
Represented By:			
Revolving Fund		255,071,946	255,071,946
Reserves		-	-
Accumulated Surplus		13,245,456	10,584,697
Net Assets		268,317,402	265,656,643

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 27th August, 2025 and signed by:

.....
Name: Charles W. Wafula
Administrator of the Fund

.....
Name: Symon Walukana
Principal Finance Officer
ICPAK Member Number: 19456

**Bungoma County assembly – Employee Car Loan and Mortgage 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

	Revolving Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2023	255,071,946	7,974,923	263,046,869
Surplus/(deficit) for the period	-	2,081,381	2,081,381
Accrued interest		528,393	528,393
Funds received during the year		-	-
Balance as at 30 June 2024	255,071,946	10,584,697	265,656,643
Balance as at 1 July 2024	255,071,946	10,584,697	265,656,643
Surplus/(deficit) for the period	-	2,660,759	2,660,759
Funds received during the year	-	-	-
Balance as at 30 June 2025	255,071,946	13,245,456	268,317,402

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Fines, penalties and other levies		-	-
Interest received		5,874,909	4,473,894
Receipts from other operating activities		-	-
Total receipts		5,874,909	4,473,894
Payments			
Employee costs		-	-
Use of Goods and Services		(3,989,528)	(2,267,832)
Depreciation and Amortization Expense		-	-
Finance cost		-	-
Other payments		-	-
Total Payments		(3,989,528)	(2,267,832)
Debtors Borrowings		(3,022,019)	(1,537,000)
Debtors Repayments		25,512,019	1,716,355
Net cash flows from operating activities	30	22,490,000	179,355
		24,375,380	2,385,417
Cash flows from investing activities			
Purchase of property, plant, equipment and		-	-
Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from Insurance Premium Recovered		507,579	353,887
Proceeds from loan principal repayments		16,325,085	12,383,522
Loan disbursements paid out		(60,633,387)	(41,799,194)
Net cash flows used in investing activities		(43,800,722)	(29,061,785)
Cash flows from financing activities			

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
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Proceeds from revolving fund receipts		-	-
Additional borrowings (to Members' Fund)		-	-
Repayment of borrowings (to Members' Fund)		-	(571)
Repayment of borrowings (from Members' Fund)		39,591,254	35,410,000
Net cash flows used in financing activities		39,591,254	35,409,429
Net increase/(decrease) in cash & cash Equivalents		20,165,912	8,733,061
Cash and cash equivalents at 1 July		9,634,298	901,238
Cash and cash equivalents at 30 June		29,800,210	9,634,298

Bungoma County assembly – Employee Car Loan and Mortgage 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 30th June, 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	6,000,000	-	6,000,000	6,207,987	- 207,987	103%
Other Income	-	-	-	-	-	-
Total Income	6,000,000	-	6,000,000	6,207,987	- 207,987	103%
Expenses						
Employee Costs	-	-	-	-	-	0%
Use of goods and services	5,030,000	-	5,030,000	3,547,227	1,482,773	71%
Finance Cost	-	-	-	-	-	0%
Total Expenditure	5,030,000	-	5,030,000	3,547,227	1,482,773	71%

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30,
2025**

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Bungoma County Assembly – Employee Car loan and Mortgage Fund is established by and derives its authority and accountability from PFM Act, 2012 and the Bungoma County Assembly Employees’ Car Loan and Mortgage Scheme Fund Regulations 2025. The entity is wholly owned by the Bungoma County Government and is domiciled in Kenya. The entity’s principal activity is to provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme and to raise funds for the implementation of the objectives contemplated.

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 30th 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 30th June 2025.

(i) Early adoption of standards

The Fund did not early – adopt any new or amended standards in the financial year 2024/2025.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30,
2025**

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 Fund'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 2024/2025 was approved by the County Assembly on 11th April, 2024. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30,
2025**

The fund'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 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 fund 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

Summary of Significant Accounting Policies (Continued)

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.

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 Fund 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 Fund and a financial liability or equity instrument of another Fund. At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial

**Bungoma County assembly – Employee Car Loan and Mortgage Fund
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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 fund 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 fund'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 a fund 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 fund 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

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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.

Summary of Significant Accounting Policies (Continued)

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 fund 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 fund 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 fund recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in.

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Financial liabilities

Classification

The fund 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 labor 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 Fund.

e) Provisions

Provisions are recognized when the Fund 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 Fund 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

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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

Summary of Significant Accounting Policies (Continued)

the need of society as a whole. The fund 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 fund will incur in fulfilling the present obligations represented by the liability.

g) 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.

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.

h) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements.

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i) 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.

j) Employee benefits – Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a fund pays fixed contributions into a separate fund (a fund) and will have no legal or constructive

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Summary of Significant Accounting Policies (Continued)

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.

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 Fund regards a related party as a person or a fund 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 directors, the CEO and senior managers.

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Summary of Significant Accounting Policies (Continued)

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 authorized 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.

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Summary of Significant Accounting Policies (Continued)

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.

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 Fund 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 Fund. 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 Fund
- 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

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c) Provisions

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

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	FY2024/2025	FY2023/2024
	KShs	KShs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

7. Transfers from County Government

Description	FY2024/2025	FY2023/2024
	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	FY2024/2025	FY2023/2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

9. Interest income

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Interest Income from Mortgage Loans	5,959,443	4,775,713
Interest Income From Car Loans	248,544	15,801
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	6,207,987	4,791,514

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10. Other income

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	FY2024/2025	FY2023/2024
	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	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Professional Services Costs	765,600	642,301
Committee Allowances	2,768,000	2,054,000
Bank Charges	13,627	13,832
Total	3,547,227	2,710,133

13. Depreciation and Amortization Expenses

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

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14. Finance costs

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

15. Gain/(loss) on disposal of assets

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	FY2024/2025	FY2023/2024
	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	FY2024/2025	FY2023/2024
	Kshs	Kshs
Car Loan and Mortgage Account	29,800,210	9,634,298
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (Specify)	-	-
Total Cash And Cash Equivalents	29,800,210	9,634,298

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

Financial Institution	Account number	FY2024/2025	FY2023/2024
		Kshs	Kshs
Kenya Commercial Bank-Scheme	1206004991	197,874	7,830,689
Kenya Commercial Bank- Deposit	1206090308	29,602,336	1,803,609
Grand Total		29,800,210	9,634,298

18. Receivables from exchange transactions

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	1,179,092	846,013.38
Current Loan Repayments Due	-	39,591,254
Other Debtors	1,813,515	24,303,515
Less: Impairment Allowance		
Total Current Receivables	2,992,607	64,740,782
Non-Current Receivables		
Long Term Loan Repayments Due	235,524,585	191,723,863
Total Non- Current Receivables	235,524,585	191,723,863
Total Receivables from Exchange Transactions	238,517,192	256,464,646

Additional disclosure on interest receivable

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	333,078	317,620
Accrued interest receivable from long-term loans of previous years	846,013	528,393
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	168,184,865	143,676,721
Accrued principal from long-terms loans from previous periods	10,346,291	10,346,291
Current portion of long-term loans issued in the current year	52,507,475	37,700,851

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19. Prepayments

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

20. Inventories

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Detailed disclosure on inventories

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
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	FY2024/2025	FY2023/2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		

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CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Description	FY2024/2025	FY2023/2024
	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	-	-

e) Shareholding in other entities

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

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22. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July, 2023	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June, 2024	-	-	-	-	-
At 1st July, 2024	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June, 2025	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July, 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June, 2024	-	-	-	-	-
At 1st July, 2024	-	-	-	-	-
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	FY2024/2025	FY2023/2024
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

24. Investment Property

Description	FY2024/2025	FY2023/2024
	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	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Trade Payables			442,301	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		442,301	
Ageing analysis (Trade and other payables)	FY 2024/2025	% of the Total	FY 2023/2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

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26. Provisions

Description	Leave provision	Gratuity	Other provision	Total
		Provision		
	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	FY2024/2025	FY2023/2024
	Kshs	Kshs
Balance At Beginning of The Period	24,303,515.00	24,482,870.00
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	3,022,019.24	1,537,000.00
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	25,512,019.24	1,716,355.00
Balance At End of The Period	1,813,515.00	24,303,515.00

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

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
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	-	-

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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	FY2024/2025	FY2023/2024
	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	FY2024/2025	FY2023/2024
	Kshs	Kshs	Kshs	5	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

30. Cash generated from operations.

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Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	2,660,760	2,081,381
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses on Disposal of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	22,156,922	(138,265)
Increase In Payables	(442,301)	442,301
Net Cash Flow From Operating Activities	24,375,380	2,385,417

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31. Related party balances

a) Nature of related party relationships

Funds 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 Assembly of Bungoma;
- b) Bungoma County Government;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-
Total	-	-

c) Key management remuneration

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Due From CASB	1,813,515	24,303,513
Due From Members Fund	-	39,591,254
Total	1,813,515	63,894,767

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Other Disclosures Continued

e) Due to related parties

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Members' Fund Scheme	-	571
Total	-	571

32. Contingent assets and contingent liabilities

Contingent Liabilities	FY2024/2025	FY2023/2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

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 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

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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 fund'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 fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Receivables From Exchange Transactions	1,179,092	-	1,179,092	-
Receivables From Non-Exchange Transactions	232,852,147	222,505,856	10,346,291	-
Bank Balances	29,800,210	29,800,210	-	-
Total	263,831,449	252,306,066	11,525,383	-
At 30 June 2024	-			
Receivables From Exchange Transactions	846,013	-	846,013	-
Receivables From Non-Exchange Transactions	255,618,632	220,968,826	34,649,806	-
Bank Balances	9,634,298	9,634,298	-	-
Total	266,098,944	230,603,124	35,495,819	-

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 fund has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The fund has significant concentration of credit risk on amounts due from.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework

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for the management of the fund’s short, medium and long-term funding and liquidity management requirements. The fund 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	-	-	-	-
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 fund 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 fund’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 Audit and Risk Management Committee.

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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 fund's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

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

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.

ii. Interest rate risk

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Interest rate risk is the risk that the fund's financial condition may be adversely affected as a result of changes in interest rate levels. The fund'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 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.

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 fund capital structure comprises of the following funds:

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	255,071,946	255,071,946
Accumulated surplus	13,245,457	10,584,697
Total funds	268,317,403	265,656,643
Total borrowings	-	571
Less: cash and bank balances	(29,800,210)	(9,634,298)
Net debt/(excess cash and cash equivalents)	(29,800,210)	(9,633,727)
Gearing	-11.11%	-3.63%

34. Events after the reporting period

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

35. Ultimate and Holding Fund

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The Bungoma County Assembly Member Car Loan and Mortgage Scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) gazette Notice No.9792 of 27th July 2022, Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Bungoma county adopted the PFM regulations 2014 to guide in the operationalization of the fund. The fund is internally administered in the county assembly by the office of the clerk.

The fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

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. of external audit Report	Area of concern	Management Comments	Status	Timeline
OAG/BRO/BCAECL&MSF/2023/2024/	Budgetary Control and Performance	The management agrees with the audit findings that there was an under absorption of KShs 2,762,168 of the budget the amount was meant for charging of the securities and due to the bureaucratic process involved in charging the securities at the ministry of Lands, Public works, Housing and Urban Development. There is an improvement in budget absorption from 45% to 71% in the FY 2024/2025	Not resolved	FY 2025/2026

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OAG/BRO/BCAECL&MSF/2023 /2024/	Unresolved prior year matter: Irregular advance of loan to the County Assembly Service Board	The management agrees with the audit findings. The management has since refunded 93% of the borrowings.	93% Resolved	FY 2024/205
OAG/BRO/BCAECL&MSF/2023 /2024/	Failure to prepare Separate Financial Statements for Car Loan Scheme Fund and Mortgage Scheme Fund	The management agrees with audit Findings that the two funds have two different Regulations but has always prepared consolidated financial statements. The Regulations have	Resolved	FY 2024/2025

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Reference No. on the external audit report	Issue	Description	Status	Resolution
		since been merged. Going forward, financial statements shall be consolidated.		
OAG/BRO/BCAECL&MSF/2023/2024/	Failure to provide Jointly Charged Ownership Documents	The management agrees with audit findings, however some properties have been already charged and the others are in process of being charged and this has been due to bureaucratic process involved in the Ministry of Lands, Public Works, Housing and Urban development	Not resolved	FY 2025/2026


Sign: **Date: 27th August, 2025**
Mr. Charles W. Wafula
Administrator of the Fund