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REPORT

OF

THE AUDITOR-GENERAL

ON

NAROK COUNTY ASSEMBLY CAR LOANS,
GRANTS AND MORTGAGE SCHEME FUND

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	17/2/26
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CLERK AT THE TABLE	tygany

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NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Fund information and management

a) Background information

Narok County Assembly Car Loans and Mortgages Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme Fund Regulations, 2021. The Fund is wholly owned by the County Assembly of Narok and is domiciled in Kenya.

The fund's objective is to facilitate the acquisition of car loans and mortgages scheme Fund for Members of the County Assembly and staff of the Narok County Assembly to motivate them and retain the requisite services for the County Assembly Public Service.

The Fund's principal activity is to provide avenue through which Members of the County Assembly and staff would easily and affordably acquire properties thereby transforming their livelihoods. This would improve the members and staff motivation and retention for better service delivery to the people of Narok.

b) Principal Activities

The principal activity of the Fund is to provide car loans and mortgages to Members of County Assembly and Staff at affordable interest rate of 3%.

The mission of the Fund is to ensure its members have a consistent flow of funds to enable them undertake the activities mentioned above.

c) Car Loans, and Mortgages Management Committee

Ref	Position	Name
1	Chairman of the Committee	Hon. Isaac Salau Dapash
2	Vice Chair of the Committee	Hon. Susana Kutingala
3	Member	Hon. Henry Titimet Siololo
4	Member	Hon. Alice Kering
4	Clerk Assembly / Fund Administrator	Mr. Joseph Kasaine Lengeny

d) Key Management team

Ref	Position	Name
1	Fund Administrator	Mr. Joseph Kasaine Lengeny
2	Fund Accountant	CPA Peter Shakamae Tianta
3	Fund Secretary	Mr. Gideon Langat

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

The Key management Personnel who held office during the financial period ended 30th June 2025 and who had direct fiduciary responsibility were:

SN	Position	Name
1	Fund Administrator	Mr. Joseph Kasaine Lengeny
2	Fund Accountant	CPA Peter Shakamae Tianta
3	Fund Secretary	Mr. Gideon Langat

f) Registered Offices

P.O. Box 19-20500

Narok County Assembly Building/House

Mau-Narok Road

Narok, KENYA

g) Fund Contacts

Telephone: (254) 02068889

E-mail: info@narokassembly.go.ke

Website: www.narokassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Access Bank PLC
P.O BOX 852-20500
Narok-KENYA
Narok Branch

3. Diamond Trust Bank
P.O BOX 1265-20500
Narok-KENYA
Narok Branch

Key Entity Information and Management (Continued)

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

k) County Attorney



P.O. Box 898-20500



Narok County Headquarters Building


Mau-Narok Road

Narok, KENYA


3. Car Loans and Mortgages Management Committee



NAME	POSITION	QUALIFICATIONS
 <p data-bbox="204 745 517 779">Hon. Isaac Salau Dapash</p>	<p data-bbox="671 595 802 685">Committee Chairman</p>	<p data-bbox="836 286 1342 528">Born in 1985, Hon Isaac is the Deputy Speaker of the Narok County Assembly since September 2022. He holds a bachelor of nursing and has over 10 years' experience both in the public and private sector.</p> <p data-bbox="836 618 1342 815">He is a staunch legislator with keen interest in oversight legislation. He is the chairperson of the Narok County Assembly Car Loans and Mortgages Scheme Fund Management Committee.</p>
 <p data-bbox="204 1473 501 1507">Hon. Susana Kutingala</p>	<p data-bbox="671 1088 802 1178">Committee Vice Chair</p>	<p data-bbox="836 898 1342 1140">Born in 1984, she has been a big player in the NGO world where she rose to the management level and a champion of community development. She has been a member of Narok County Assembly for two consecutive terms.</p> <p data-bbox="836 1290 1315 1442">Hon. Susan is the vice chairperson of the Narok County Assembly Car Loans and Mortgages Scheme Management Committee.</p>

 <p>Hon. Henry Titimet Siololo</p>	<p>Committee Member</p>	<p>Born in 1988, Hon Titimet is a seasoned youth leader who has been critical in championing youth matters across the county. He was first elected member of Narok County Assembly in 2013 and thereafter in 2022.</p> <p>He has over 10 years’ experience in community work and environmental management. He is a member of the Narok County Assembly Car Loans and Mortgage Scheme Committee.</p>
 <p>Hon. Maria KiserianMeriki</p>	<p>Committee Member</p>	<p>Born in 1995, nominated MCA Born in Narok Kilgoris Constituency. She holds a Bachelor of Education Arts from Maasai Mara University. She has over 3 years of experience in the public sector as a secondary Teacher with rich administrative skills. She is a Member of the Narok County Assembly Loans and Mortgage Committee and also a member of several other sectoral Committees of the Assembly. She is a member of the Narok County Assembly Car Loans and Mortgages Scheme Management Committee.</p>

	Fund Administrator	<p>Born in 1987, Mr. Joseph Kasaine Lengeny is the Clerk of the Narok County Assembly charged with full responsibility of administering the Fund.</p> <p>Mr. Lengeny holds a Master’s degree in Business Administration, Bachelor’s Degree in Human Resource Management and CPA IV with working experience of 15 years in the banking industry as well as the public sector.</p>
<p>Mr. Joseph Kasaine Lengeny</p>		

4. Management Team

NAME	POSITION	QUALIFICATIONS
	Fund Administrator	<p>Born in 1987, Mr. Joseph Kasaine Lengeny is the Clerk of the Narok County Assembly charged with full responsibility of administering the Fund.</p> <p>Mr. Lengeny holds a Master’s degree in Business Administration, Bachelor’s Degree in Human Resource Management and CPA IV with working experience of 15 years in the banking industry as well as the public sector.</p>
<p>Mr. Joseph Kasaine Lengeny</p>		

 <p>CPA Peter Shakamae Tianta</p>	<p>Fund Accountant</p>	<p>Born in 1974, CPA Peter Shakamae Tianta is the Principal Finance officer of Narok County Assembly in charge of preparation of books of accounts.</p> <p>CPA Peter Shakamae Tianta holds a Bachelor’s Degree in Finance and Accounts option, and is a Member of ICPAK. He is also a Certified Internal Auditor and a member of Institute of Internal Auditors of Kenya (IIA) with working experience of 25 years in the public sector.</p> <p>At the Fund level, he is responsible for keeping all books of accounts and preparation of the annual report and financial statements of the fund.</p>
 <p>Mr. Gideon Langat</p>	<p>Fund Secretary</p>	<p>Born in 1989, Mr. Gideon Langat is the Narok County Assembly Principal Human Resource Management Officer in charge of the Fund’s records.</p> <p>He holds a Bachelor’s Degree in in Human Resource Management and CHRP (K) with working experience of 12 years in the public sector.</p> <p>At the Fund management committee level, he is the Secretary to the fund.</p>

5. Fund Management Committee Chairperson's Report

Narok County Assembly Car Loans and Mortgages Scheme fund was established through approval of the County Assembly. The fund derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme fund Scheme fund Regulations 2023.

The fund was established as a revolving fund with the initial capital consisting of the monies appropriated by the County Assembly in the FY 2014/15 amounting to Kshs. 20 Million to operate as a revolving fund with an annual increase from the Assembly's budget based on anticipated credit needs projections, funds available as well as repayments from the beneficiaries.

During the financial year 2024/2025, the fund prepared the budget in accordance with section 135 of the Public Finance Management Act 2012 and later submitted to the County Assembly for considerations and approval. The Narok County Assembly Car Loans and Mortgages Scheme fund has grown from a revolving fund of Kshs.20 million in the FY 2014/2015 to a revolving fund with net value of Kshs.319,183,600 as at 30th June 2025.

In the financial year 2024/2025, Narok County Assembly Car Loans and Mortgages Scheme fund implemented the Salaries and Remuneration Commission's guidelines in issuance of car grants to Members of the County Assembly and as a result, a total of Kshs.2,200,000 was disbursed as car reimbursement thereby reducing the revolving fund by the same amount. Further, the Fund disbursed a total of Kshs.3,100,000 to Members of the County Assembly and staff resulting to a decrease in receivables from exchange transactions from Kshs 82,840,790 in the previous year to Kshs.82,657,702 as at 30th June 2025. We are confident that the growth will be achieved in future.

Name Am. Salau Joseph Signature [Signature] Date 6/11/2025
Chairperson of the Fund

6. Report of the Fund Administrator

In the Financial Year 2024/2025, the revolving Fund decreased from Kshs. 321,383,600 in the previous year to Kshs. 319,183,600. In addition, the fund implemented the recommendations/guidelines of the Salaries and Remuneration Commission referenced SRC/TS/COG/3/48/VOL.II (113) of 9 February 2021 on review of the car loan for the speaker and Members of County Assembly.

In the Financial year, the Management disbursed new loans valued at 3,100,000 as compared to Kshs. 20,000,000 in the previous year representing a decline of 84.5%. The interest earned on loans issued increased by Kshs.121,726 from Kshs. 1,357,352 in 2024 to Kshs.1,479,089 in 2025. At the close of the year, the Fund had outstanding loans valued at Kshs.77,839,434 and Kshs.281,041,526 cash balance.

In administration of the fund, the main challenge is low budgetary allocation compared to the high number of Members of County Assembly and staff who are in dire need of the mortgage. However, the management of the fund has tried to work with the funds available and has developed a list of all pending applicants. The management has also put controls in place to ensure sequential disbursements on a 'first come – first beneficiary' basis. Going forward, there is need to enhance the allocation of the fund to attract a large number of beneficiaries.

It is the responsibility of the fund administrator to ensure that the fund is well managed and the funds advanced are properly accounted for.

Finally, we are confident that the fund will sustain the impressive performance in the foreseeable future which is prerequisite in meeting its goals and objectives of providing affordable loan products to the Members of the County Assembly and staff.

Signed: _____



Joseph Kasaine Lengeny
Fund Administrator.

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

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of Narok County Assembly Car Loans, Grants and Mortgages Scheme Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board which includes a statement of the Narok County Assembly Car Loans and Mortgages Scheme Fund’s performance against predetermined objectives.

The key development objectives of the Narok County Assembly Car Loans and Mortgages Scheme fund 2024/2025 plan is to:

- Facilitate the acquisition of car loans and mortgage facilities for staff and Members of the County Assembly to motivate them and retain the requisite services for the County Assembly’s Public Service.

Progress on the attainment of Strategic development objectives

below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
1. County Assembly Members’ Car Loan	To facilitate members of the County Assembly, acquire personal motor vehicles for ease of movement.	Car loans of two million shillings to all the 49 MCAs and the speaker.	Number of members issued with loans	During the year under review, one member was issued with car reimbursement amounting to Kshs.2,200,000 on recommendation by the Salaries and Remuneration Commission vide Circular referenced SRC/TS/COG/3/48/VOL. II(113) dated 9 February 2021.

2. Members of County Assembly and Staff Mortgages	To facilitate members of the County Assembly and staff with funds to purchase,	Mortgage of Ksh. 3,100,000 disbursed to a member of County Assembly and Two Staff.	Number of members and staff facilitated to acquire residential property.	All the members are repaying their car loans and Mortgages amounting to Kshs.5 million.
	Construct or renovate residential property.	Assembly and staff.		Over twenty (20) members of staff already issued with mortgage funds as at 30 June 2025.
3. Collection of loan principal and interest repayments	To ensure that all the outstanding loan principal and interest are collected by the Fund.	Proceeds from the loan principal and interest repayments	The amount of proceeds collected in Comparison to the expected proceeds.	During the year ending 30 June 2025, the Fund collected a total of Kshs.74,413,590 and Kshs. 1,479,078 in form of principal repayments and interest earned respectively.

8. Corporate Governance Statement

The members of Narok Assembly Loans and Mortgages Committee are as listed on pages vii – ix of this report.

- **Committee meetings held and those in-attendance**

During the financial year 2024/2025, the members of Car Loans and Mortgages management Committee held 4 meetings with one (1) meeting held quarterly. In all the four meetings, all the committee members attended.

- **Roles and Functions of the Car Loans and Mortgages Management Committee**

Narok County Assembly Car Loans, Grants and Mortgages Scheme fund was established through approval of the County Assembly. The funds derive its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme fund Regulations 2023. The roles and functions of the Committee are as stipulated in the Regulations and include general administration and management of the fund including:

- a) Making recommendations with respect to the conditions under which a loan and or a mortgage shall be granted or repaid under these regulations;
- b) Setting out the criteria and conditions governing the granting of loans and mortgages;
- c) Receiving and processing applications for the granting of loans and mortgages to Members of County Assembly subject to the provisions of any agreement relating to the provision of the loan and or mortgage;
- d) Formulating sound policies for regulating the management of the fund;
- e) To raise and solicit for funds and other assistance to promote the fund;
- f) To perform and exercise all other functions and powers conferred on the Committee by these Regulations.

- **Conflict of Interest**

To enhance integrity in the dispensation of the roles of the Committee, members are to avoid any conflict of interest or declare any conflict of interest. The management has designed a standard

form to establish existence of any conflict of interest in conduct of the fund Committee's businesses. Where applicable, circumstances which may impair the members' compliance to the documented ethical requirements are disclosed by the respective members and communicated without any delay.

During the financial year 2024/2025, no such circumstance was noted or reported.

- **Remuneration of the Car Loans and Mortgages Management Committee**

Members of the Committee are remunerated as per the provisions of the Salaries and Remuneration Commission. The members are therefore only entitled to sitting allowances when meetings are held.

9. Management Discussion and Analysis

During the year the Fund portfolio decreased from Kshs. 407,015,061 to Kshs. 311,765,678 representing a 23.4% decline in growth rate. Additional new loans totalling Kshs. 3,100,000 were disbursed as compared to Kshs. 20,000,000 disbursed in the FY 2023/2024 which represents a decline of 84.5%.

In the financial year under review, the Interest Income earned from loans increased from Kshs. 1,357,352 in the Financial Year 2023/2024 to Kshs. 1,479,078 in the FY2024/2025. In conclusion the fund has registered some growth in net worth from Kshs. 20 million in the first year of operation to Kshs 319,183,600 in the year under review.

As at 30th June, 2025, long term receivables from loans disbursed stood at Kshs. 77,839,434 against Kshs. 78,920,607 for the year ended 30th June 2024.

10. Environmental and Sustainability Reporting

Narok County Assembly Car Loans and Mortgages Scheme Fund exists to motivate staff to reduce rate of staff turnover thus retaining skills in the labour force. Also, by offering loans at subsidized rates, it reduces strain for staff when taking up projects for personal development. Key factors on which the disbursement of the loans is anchored to:

1. Sustainability strategy and profile -

The Revolving Fund sustainability is assured through the existence of Fund Managers/Administrators – Access Bank who ensure that the loans taken up by staff act as collaterals whilst the beneficiaries can repay the loan without strain on their financial resources as per the requirement of the 1/3rd rule. A proportion of the Income interest is also lumped up with the Fund and marginally contribute to the growth of the Fund.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

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

4. Market place practices-

- Supply chain and supplier relations is essential for promoting ethical, sustainable, and accountable procurement practices. A responsible supply chain approach ensures that the assembly's purchases and supplier relations align with its commitment to good governance, transparency, and corporate social responsibility.
- Ethical practices involve upholding high standards of integrity, transparency, and accountability in all procurement and business activities. These practices are critical for foresting trust among stakeholders, preventing corruption, and ensuring that public resources are used responsibly.

- Stewardship of goods and services involve managing public resources efficiently, effectively, and transparently to ensure that the needs of the community are met while upholding principles of accountability, responsibility and ethical conduct.

5. Corporate Social Responsibility / Community Engagements

The Budget and Appropriations Committee provides guidance in the budgetary process. It is charged with the budget process and ensuring that there is public participation in the budget process.

11. Report of the Narok County Assembly Car Loans and Mortgages Scheme Fund Management Committee

Narok County Assembly Car Loans and Mortgages Management Committee submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to grant car loans and mortgage loans to Members and staff of Narok County Assembly.

Results

Results of the Fund for the year ended June 30, 2025, are set out on pages 1– 51.

Trustees

The members of the Management Committee who served during the year are shown on pages vii- ix. There were changes in the Committee during the financial year under review.

Auditors

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

By Order of the Board



.....
Hon. Isaac Salau Dapash

Chair of the Fund Management Committee

Date.....6/11/2025.....

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 Narok County Assembly Car Loans and Mortgages Scheme fund established by Section 116 of the PFM Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme fund 2023 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of Narok County Assembly Car Loans and Mortgages Scheme fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of Narok County Assembly Car Loans and Mortgages Scheme fund accepts responsibility for the fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

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

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

In preparing the financial statements, the Administrator of the Narok County Assembly Car Loans and Mortgages Scheme fund has assessed the fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 6/11 2025 and signed on its behalf by:



.....
Joseph Kasaine Lengeny

Administrator of the Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 NAROK COUNTY ASSEMBLY CAR LOANS, GRANTS 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 that the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 Narok County Assembly Car Loans, Grants and Mortgage Scheme Fund set out on pages 1 to 68, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

performance, statement of changes in net assets, statement of cash flows and 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Narok Car Loans, Grants 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 Narok County Assembly Car Loans, Grants and Mortgage Scheme Fund Regulations, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of changes in net assets reflects a negative amount of accumulated surplus of Kshs.7,417,922. However, the recomputed amount is Kshs.78,213,539 resulting in an unexplained variance of Kshs.85,631,461.

The statement of cash flows reflects net cash outflows from operating expenses amounting to Kshs.8,851,636. However, the corresponding Note 28 to the financial statements reflects an amount of Kshs.7,417,922 resulting in an unexplained variance of Kshs.1,433,714.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Use of Goods and Services Expenditure

The statement of financial performance reflects an amount of Kshs.8,897,000 in respect of use of goods and services as disclosed in Note 10 to the financial statements. The amount comprised of professional services of Kshs.3,289,000, committee allowance of Kshs.5,601,200 and bank charges Kshs.6,800 which relates to professional services, committee allowances and bank charges respectively.

Review of records and supporting payment vouchers relating to the expenditure revealed the Fund did not prepare a budget for approval and therefore its expenditures were incurred without an approved budget contrary to the law and regulations.

In the circumstances, the accuracy, completeness and regularity of the use of goods and services amount of Kshs.8,897,000 could not be confirmed.

3. Irregular Expenditure on Professional Services

The statement of financial performance reflects an amount of Kshs.8,897,000 in respect of use of goods and services which as disclosed in Note 10 to the financial statements includes a balance of Kshs.3,289,000 in relation to professional services costs.

Review of records revealed that the expenditure totaling Kshs.3,289,000 was paid to a consultant for valuation services for various properties of various mortgage applicants. However, the Narok County Assembly Car Loans and Mortgages Scheme Fund Regulations, 2021 or the related policies do not provide that the cost of valuation of properties, such as land on which the residential property is proposed to be developed, or, the value of the collateral property used to secure money borrowed, will be the cost of the Fund. Therefore, the expenditure of Kshs.3,289,000 paid to the valuer was irregular.

In the circumstances, the regularity of the professional services costs amounting to Kshs.3,289,000 could not be confirmed.

4. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects current and long-term portions of long-term receivables from exchange transactions balances of Kshs.4,818,267 and Kshs.77,839,434 respectively all totaling Kshs.82,657,701. Review of the amortization schedules provided in support of the amounts against the prior year audited amortization schedules revealed variances between the closing balances in June, 2023 and opening balances brought forward in July, 2023 and subsequently in July 2024 for some of the loan beneficiaries amounting to Kshs.15,748,948.

No explanation has been provided on whether the variance was as a result of repayments and no reconciliation has been provided to support the variance between the two accounts.

In addition, four (4) beneficiaries who had outstanding loans totaling to Kshs.8,096,676 had not been included in the current year's amortization schedules.

In the circumstances, the accuracy and completeness of the current and long-term portions of long-term receivables from exchange transactions balances of Kshs.4,818,267 and Kshs.77,839,434 respectively could not be confirmed.

5. Unsupported Current Portion of Borrowing

The statement of financial position reflects current portion of borrowing amounting to Kshs.51,933,550. However, the corresponding Note 26 to the financial statements indicates a Nil amount. Further, the balance is not supported by detailed schedules and computations.

In the circumstances, the accuracy, completeness and existence of the current portion of borrowing amounting to Kshs.51,933,550 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Narok Car Loans, Grants 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 receipts budget and actual receipts on a comparable basis of Kshs.10,488,000 and Kshs.1,479,078 respectively, resulting to an under-funding of Kshs.9,008,922 or 86% of the budget. Further, the statement reflects that the Fund spent an amount Kshs.8,897,000 against the actual receipts amount of Kshs.1,479,078 resulting to an over-absorption of Kshs.7,417,922 or 83% of the actual receipts.

The under-funding affected the planned activities of the Fund and may have impacted negatively on service delivery to the members.

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 effect of the matters described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern 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 audit report of the previous year, some issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not indicated how the issues were resolved.

Other Information

Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Fund Information and Management, Car Loans and Mortgages Committee, Management Team, Fund Management Committee Chairperson's Report,

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Approved Budget for the Fund

The statement of comparison of budget and actual amounts reflects a final revenue and expenditure budget amount of Kshs.10,488,000. However, Management did not provide an approved budget for the year under review for audit verification. Therefore, the expenditures of the Fund were incurred without evidence of compliance with the approved budget process. This is contrary to Section 149(2)(h) of Public Finance Management Act, 2012, which states that in carrying out a responsibility imposed by subsection (1), an Accounting Officer shall, in respect of the entity concerned - prepare estimates of expenditure of the entity in conformity with the strategic plan referred to in paragraph (g).

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

2. Irregular Issuance of Loans to County Assembly Staff

The statement of financial position reflects current and long-term portions of long-term receivables from exchange transactions balances of Kshs.3,339,190 and

Kshs.77,839,434 respectively all totaling Kshs.81,178,624. However, the balance includes loans amounting to Kshs.61,193,645 issued to County Assembly staff in the period between July, 2022 to June, 2023 who were not authorized beneficiaries as stipulated the Fund's Regulations in force during that period.

This is contrary to Regulation 4 of the Narok County Assembly Loans, Grants and Mortgages Fund Regulations, 2021 provides that the object and the purpose of the Fund shall be to provide funds to enable car loans and mortgages to be advanced to Members of County Assembly as may be prescribed by the Commission and to provide a transport facilitation benefit to the Speaker and Members of the County Assembly.

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

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 continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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


02 December, 2025

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

	Note	FY2024-2025	I FY 2023-2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from Parent Ministry/ SC/SAGA	6	-	90,000,000
		-	90,000,000
Revenue from exchange transactions			
Interest income	7	1,479,078	1,357,352
Other income	8	-	-
		1,479,078	1,357,352
Total revenue		1,479,078	91,357,352
Expenses			
Employee costs	9	-	-
Use of goods and services	10	8,897,000	2,259,738
Depreciation and amortization expense	11	-	-
Finance costs	12	-	-
Total expenses		8,897,000	2,259,738
Other gains/losses			
Gain/loss on disposal of assets	13	-	-
Gain /Loss on fair value of investments	14	-	-
Surplus/(deficit) before tax		(7,417,922)	89,097,614
Taxation	15	(-)	(-)
Surplus/ (Deficit) after Tax		(7,417,922)	89,097,614

The notes set out on pages 23 to 51 form an integral part of these Financial Statements).

The financial statements were approved on 6/11/2025 by:



.....
Name Isaac Dapash

Chairperson of the Fund



.....
Name Joseph Kasaine
Lengeny

Fund Administrator



.....
Name Peter Shakamae
Tianta

Fund Accountant

ICPAK M/No 21251

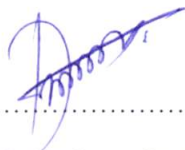
15. Statement of Financial Position as at 30th June 2025

	Note	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	16	281,041,527	312,010,503
Receivables from exchange transactions	17	4,818,267	3,920,183
Receivables from non-exchange transactions	18	-	-
Prepayments	19	-	74,590,796
Inventory	20	-	-
Investments in Financial Assets	21	-	-
Total Current Assets		285,859,794	390,521,482
Non-current assets			
Receivables from exchange transactions	17	77,839,434	78,920,607
Property, plant, and equipment	22	-	-
Intangible assets	23	-	-
Investment Property	24	-	-
Total Non-Current Assets		77,839,434	78,920,607
Total assets (A)		363,699,228	469,442,089
Liabilities			
Trade and other payables	25	-	-
Refundable Deposits and Prepayments from Customers	26	-	-
Borrowings	27	51,933,550	62,427,028

	Note	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
Total Current Liabilities		51,933,550	62,427,028
Non- current liabilities			
Borrowings	27	-	-
Total non- current liabilities		-	-
Total liabilities (B)		51,933,550	62,427,028
Net Assets (A-B)		311,765,678	407,015,061
Represented By:			
Car loan and Mortgage revolving fund		319,183,600	321,383,600
Accumulated surplus/Deficit		(7,417,922)	85,631,461
Net Assets		311,765,678	407,015,061

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 6/11 2025 and signed by:



Name Isaac Dapash

Chairperson of the Fund



Name Joseph Kasaine

Lengeny

Fund Administrator



Name Peter Shakamae

Tianta

Fund Accountant

ICPAK M/No 21251

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

	Car Loan and Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2024	321,383,600	-	-	321,383,600
Surplus/(deficit) for the period	-	-	85,631,461	85,631,461
Funds received during the year	-	-	-	-
Interest capitalized*	-	-	-	-
Transfers	-	-	(-)	-
As at 30 June 2024	321,383,600	-	85,631,461	407,015,061
Balance as at 1 July 2024	321,383,600	-		321,383,600
Surplus/(deficit) for the period	-	-	(7,417,922)	(7,417,922)
Funds received during the year	-	-	-	-
Grants to MCAS	(2,200,000)	-	-	(2,200,000)
Transfers	-	-	(-)	-
As at 30 June 2025	319,183,600	-	(7,417,922)	311,765,678

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

	Note	<i>FY 2024-2025</i>	<i>FY 2023-2024</i>
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from Parent Ministry/ SC/SAGA		-	90,000,000
Interest received		-	1,759,769
Other income		45,364	-
Total receipts		45,364	91,759,769
Payments			
Employee costs		-	-
Use of goods and services		8,897,000	2,259,738
Finance cost		-	-
Total payments		8,897,000	2,259,738
Net cash flow from operating activities	28	(8,851,636)	89,500,031
Cash flows from investing activities			
Purchase of PPE and intangible assets		(-)	(-)
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		74,413,590	56,899,211
Loan disbursements paid out		(3,100,000)	(20,000,000)
Net cash flows used in investing activities		71,313,590	36,899,211

	Note	<i>FY 2024-2025</i>	<i>FY 2023-2024</i>
		Kshs.	Kshs.
Cash flows from financing activities			
Car Reimbursement		(2,200,000)	(36,516,400)
Repayment of Borrowing		(91,230,931)	(92,553,434)
Net cash flows used in financing activities		(93,430,931)	(129,069,834)
Net increase/(decrease) in cash and cash equivalents		(30,968,976)	(2,670,591)
Cash and cash equivalents at 1 July	16	312,010,502	314,681,094
Cash and cash equivalents at 30 June	16	281,041,526	312,010,502

**18. Statement of Comparison of Budget and Actual Amounts for the year ended 30th
June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers from other Parent Ministry/ SC/SAGA	9,000,000	-	9,000,000	-	9,000,000	0%
Interest income	1,488,000	-	1,488,000	1,479,078	8,922	99%
Other income	-	-	-	-	-	-
Total Revenue	10,488,000	-	10,488,000	1,479,078	9,008,922	99%
Expenses						
Employee cost	-	-	-	-	-	-
Use of goods and services	10,488,000	-	10,488,000	8,897,000	1,591,000	85%
Finance cost	-	-	-	-	-	-
Expenditure	10,488,000	-	10,488,000	8,897,000	1,591,000	85%
Surplus for the period	-	-	-	(7,417,922)	7,417,922	-
Capital Expenditure	-	-	-	-	-	-

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(7,417,922)
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	(7,417,922)

19. Notes to the Financial Statements

1. General Information

Narok County Assembly Car Loans, Grants and Mortgages Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans, Grants and Mortgages Scheme Fund Regulations, 2023. The Fund is wholly owned by the County Assembly of Narok and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption Of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard.</p>

	IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public</p>

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

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised

in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

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 for each period.

Dividends

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

Rental income

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

b. Budget information

The original budget for FY 2024/2025 was approved on 26th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on 25th June 2025 budget following the governing body's approval. The Fund's budget is prepared on a different basis from 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 as per the statement of cash flows has been presented.

c. Property, plant, and equipment (PPE)

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.

d. Intangible assets

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

e. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over the year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* 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

f. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements*

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

I. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

II. Financial liabilities

Classification

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

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.

h. 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.

i. Nature and purpose of reserves

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

j. 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.

k. Foreign currency transactions

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

l. Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Directors/Trustee, the Fund Managers, and Fund Accountant.

m. 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.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the County Assembly of Narok. Its ultimate parent is the Government of Kenya.

q. Currency

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

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions.

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

b) Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the Parent Ministry/SC/SAGA

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Transfers from Government entities	-	90,000,000
Payments by Government entity on behalf of the Fund	-	-
Unconditional Development grants	-	-
Total	-	90,000,000

6(b) Transfers from the Parent Ministry/SC/SAGA

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance.	Amount recognised in revolving fund.	<i>Total FY 2024-2025</i>	<i>FY 2023-2024</i>
	Kshs	Kshs	Kshs	Kshs
Transfers from the Parent Ministry/SC/SAGA	-	-	-	-
Total	-	-	-	-

7. Interest income

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Interest Income from Car Loans Mortgages	1,479,078	1,357,352
Total Interest Income	1,479,078	1,357,352

8. Other income

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Insurance recoveries	-	-
Income from Sale of Tender documents	-	-
Bad debts recovered	-	-
Miscellaneous income (<i>Specify</i>)*	-	-
Total Other income	-	-

9. Employee Costs

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Salaries and Wages	-	-
Staff Gratuity	-	-
Staff Training expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

10. Use of Goods and Services

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Loan processing costs	-	-
General office expenses	-	-
Professional services costs	3,289,000	-
Administration fees	-	2,250,000
Committee allowances	5,601,200	-
Printing and Stationery	-	-
Telephone a communication expense	-	-
Bank charges	6,800	9,738
Audit fees	-	-
Provision for Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Total	8,897,000	2,259,738

11. Depreciation and Amortization Expense

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible assets	-	-
Total	-	-

12. Finance costs

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Interest on Bank Overdrafts	-	-
Interest on Loans from Banks	-	-
Total	-	-

13. Gain/(loss) on disposal of assets

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Property, Plant, and Equipment	-	-
Intangible Assets	-	-
Total	-	-

14. Gain/ (loss) on Fair Value Investments

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

15. Taxation

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Income tax charge	-	-
Tax Charged on Interest Income	-	-
Income Tax expense	-	-

16. Cash and cash equivalents

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Narok County Assembly Car Loans Mortgages Account	281,041,527	312,010,502
Total Cash and Cash equivalents	281,041,527	312,010,502

16 a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
		Kshs.	Kshs.
Mortgage and Car Loan Fund			
Access Bank	0160130000006	352,057	2,073,641
Diamond Trust Bank	0847829001	278,394,333	298,379,500
Diamond Trust Bank	0847829001	2,295,136	11,557,362
Grand Total		281,041,527	312,010,503

17. Receivables from exchange transactions

Description	FY2024-2025		FY 2023-2024	
	Kshs.		Kshs.	
Current Receivables				
Interest Receivable		1,479,078		1,357,352
Current Loan Repayments Due		3,339,190		2,562,831
Other Exchange Debtors		-		-
Less: Impairment Allowance		(-)		(-)
Total Current Receivables		4,818,268		3,920,182
Non-Current Receivables				
Long Term Loan Repayments Due		77,839,434		78,920,607
Total Non- Current Receivables		77,839,434		78,920,607
Total Receivables		82,657,702		82,840,790
Ageing analysis (receivable from exchange transactions)	FY2024-2025	%of total	FY 2023-2024	%of total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to totals above)	-	%	-	%

18. Receivables from Non-Exchange transactions

Description	FY2024-2025		FY 2023-2024	
	Kshs.		Kshs.	
Transfers From Government Entities/SC	-		-	
Transfer From the Fund	-		-	
Total Receivables	-		-	
Ageing analysis (receivable from non-exchange transactions)	Current FY	%of total	Comparative FY	%of total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to totals above)	-	%	-	%

19. Prepayments

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others Prepayments Specify	-	74,590,796
Total	-	74,590,796

20. Inventory

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Consumables	-	-
Other (<i>specify</i>)	-	-
Total	-	-

Detailed Disclosure on Inventories

	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
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	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

d. Movement of Equity Investments

Impairment allowance/ provision	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	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

For investments in equity share listed under note 21 above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

22. Property, Plant, and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost								
At 1 July 2023(Previous FY)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	(-)	-	-	(-)	-	(-)
Revaluation Adjustments	-	-	-	-	-	-	-	-
At 30th June 2024 (Previous FY)	-	-	-	-	-	-	-	-
At 1st July 2024 (Current FY)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-

Narok County Assembly Car loans and Mortgages Scheme fund

Annual Report and Financial Statements for the year ended 30th June 2025

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments		-	-	-		(-)	(-)	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
At 30th June 2025 (Current FY)	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1 July 2024 (Previous FY)	-	-	-	-	-	(-)		-
Depreciation for the year	-	-	-	-	-	(-)		-
Disposals	-	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	-	(-)	(-)	(-)	(-)	(-)		(-)

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		Kshs.	Kshs.
At 30th June 2024 (Previous FY)	-	-	-	-	-	(-)		-
At July 2024 (Current FY)	-	-	-	-	-	(-)		-
Depreciation	-	-	-	-	-	(-)		-
Disposals	-	(-)	(-)	(-)	(-)	-		(-)
Impairment	-	(-)	(-)	(-)	(-)	(-)		(-)
Transfer/adjustment	-	-	-	-	-	(-)	(-)	(-)
At 30th June 2025 (Current FY)	-	-	-	-	-	-	-	-
Net book values								

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		Kshs.	Kshs.
At 30 th June 2024 (Previous FY)	-	-	-	-	-	-	-	-
At 30 th June 2025 (Current FY)	-	-	-	-	-	-	-	-

23. Intangible assets

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
Disposal	(-)	(-)
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	-	-
Net book value	-	-

24. Investment Property

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	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

Description	FY2024-2025		FY 2023-2024	
	Kshs.		Kshs.	
Trade payables	-		-	
Other payables	-		-	
Total trade and other payables	-		-	
Ageing analysis: (Trade and other payables)	FY2024-2025	% of total	FY 2023-2024	% of total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

26. Refundable Deposits and Prepayments from Customers

Description	FY2024-2025		FY 2023-2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	FY2024-2025	% of the Total	FY 2023-2024	% of the Total
Under one year	-	%	-	%

1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

27. Borrowings

	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
Borrowings	Kshs	Kshs
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Loans from other government institutions	-	-
Other loans (specify)	51,933,550	62,427,028
Total Balance at End Of The Year	51,933,550	62,427,028

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs	Kshs
Short Term Borrowings (Current Portion)	51,933,550	62,427,028
Long Term Borrowings	-	-
Total	51,933,550	62,427,028

28. Net cash flows from operating activities

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(7,417,922)	89,097,614
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
Working capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
Net cash flow from operating activities	(7,417,922)	89,097,614

29. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	82,840,790	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	312,010,503	-	-	-
Total	394,851,293	-	-	-
At 30 June 2025				
Receivables From Exchange Transactions- Car loans and mortgages	82,657,702	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	281,041,527	-	-	-
Total	363,699,229	-	-	-

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 recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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 2024				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade Payables	-	-	-	-
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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (*subject to review and approval by the 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.

d) Interest rate risk

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 endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs. xxx (20xx: Kshs. xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. xxx (20xx— Kshs. xxx)

e) Capital risk management.

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

Description	FY2024-2025	FY 2023-2024
	Kshs.	Kshs.
Revolving fund	319,183,600	321,383,600
Accumulated surplus (<i>Reserves</i>)	(7,417,922)	85,631,461
Total funds	311,765,678	407,015,061
Less: cash and bank balances	(281,041,527)	(312,010,503)
Net debt/(excess cash and cash equivalents)	30,724,151	95,004,558
Gearing	9.9%	23.3%

30. Related party balances

a) Nature of related party relationships

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

- a) National government Fund
- b) Key management;
- c) Board of Trustees/Committee; etc.

b) Related party transactions

i. Transfers from related parties

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Transfers from related parties	-	-

ii. Key management remuneration

Description	<i>FY2024-2025</i>	<i>FY 2023-2024</i>
	Kshs.	Kshs.
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

31. Events after the Reporting Period

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

32. Ultimate And Holding Entity

Narok County Assembly Car Loans and Mortgages Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme Fund Regulations, 2023. The Fund is wholly owned by the County Assembly of Narok and is domiciled in Kenya. Its ultimate parent is County Government of Narok.

33. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
1	Reported in the statement of financial position on current liabilities and disclosed in note 20 to the financial statement as at 30 June, 2024 is trade and other payables from exchange transactions amounting to Kshs.17,962,589. However, schedules with names of suppliers, invoice numbers, goods or services supplied as well as the respective	The amounts on trade and other payables have now been amended accordingly as per the amended financial statements.	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>amounts payable were not disclosed for audit review.</p> <p>In the circumstance, the accuracy, existence and completeness of the trade and other payables from exchange transactions balance of Kshs.17,962,589 as at 30 June, 2024 could not be confirmed.</p>			
2	<p>The statement of financial position and Note 14 reflects prepayments of balance of Kshs.92,553,385. However, no supporting schedules</p>	<p>The Financial Statements have been amended and correct figure in note 14 adjusted to reflect the true position as per the amended financial statements. The supporting schedules have been</p>	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	were provided to support the figure of Kshs. 92,553,385. Note 14 as indicated in the notes to the financial statement does not show any figure attached to the financial statement.	attached. (Appendix 24-1 Loan Prepayment Extract)		
3	Reported in the statement of financial position on current liabilities and disclosed in note 21 to the financial statement as at 30 June, 2024 is current portion of borrowing amounting to Kshs.62,427,027. However, detailed schedules and computations supporting	The detailed schedules and computations supporting the current portion of borrowing are available for Audit verification. (Appendix 24-2 Current portion of Borrowings Schedule)	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the current portion of borrowing were not provided in support of the account balance.</p> <p>In the circumstance, the accuracy, existence and completeness of the current portion of borrowing amounting to Kshs.62,427,027 as at 30 June, 2024 could not be confirmed</p>			
4	Reported in the Statement of financial performance under revenue from exchange transaction is interest income of Kshs.	The Loan Management Committee is following up the matter to ensure the recoverability of the loan balance	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>1,357,352. The statement of comparison of budget and actual amounts shows that the Narok County Assembly Car Loans and Mortgages Scheme Fund realized an amount of Kshs.1,357,352 revenue from loan interest income against budgeted amount of Kshs.3,000,000 resulting to 45% realization. Management did not explain the reasons for failure to realize the amount budgeted for by a big margin of 55%. Additionally, interest loan recoveries</p>	<p>due from the previous Members of the County Assembly and Staff.</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>were not recovered from the following beneficiaries;</p> <p>In the circumstances, Management failed to realise the total amounts budgeted to finance the expenditure.</p>			
5	<p>The statement of financial performance reflects use of goods and services of Kshs.2,259,738 out of which Kshs.2,250,000 was incurred on Administration costs. However, there were no invoices, payment vouchers provided for audit review to support the Administration costs.</p>	<p>The Management should support use of goods and services of Kshs 2,250,000 with contract document, Invoice or basis of arriving at the amount.</p>	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
6	The statement of financial position reflects current and long-term portions of long-term receivables from exchange transactions balance of Kshs. 3,920,183 and Kshs. 78,920,607 all totaling Kshs. 82,840,790. However, the movement schedule provided for audit does not indicate opening balance brought forward, loan amount issued, date issued and designation of the beneficiaries. It was therefore not possible to confirm loan amounts issued, whether loans were	The Management should ensure that detailed individual loan statements are prepared and reconciled on a monthly basis or acquire a loan management to facilitate the preparation of accurate and complete records.	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	issued at correct rates and whether the loan balances were accurately brought forward.			
7	The statement of financial position reflects current and long-term portions of long-term receivables from exchange transactions balance of Kshs. 3,920,183 and Kshs. 78,920,607 all totaling Kshs. 82,840,790. The balance includes loans of Kshs.19,825,603 issued to sixteen (16) former Members of the County Assembly and Kshs. 14,128,455.22 issued to two staff members that are	The Management should initiate the process of liquidating the assets used as security for the loans in order to safeguard the Fund Capital from any losses that may be occasioned by loan defaults.	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>in default. However, there is no evidence of efforts being taken by the Loan Management Committee through administrative or legal action to recover the debts in full.</p> <p>In the circumstances, the recoverability of the loan balance totaling to Kshs.33,954,058.28 due from the previous Members of the County Assembly and County assembly staff is doubtful.</p>			
8	The Statement of Comparison of budget and actual amounts reflect final receipts budget and actual on comparable basis of	Its true that the County Assembly did not received full share of its funding during the year under review.The failure by the County Treasury to disbursed funds as per the budget has	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>kshs. 93,098,000 and kshs. 91,357,352 respectively resulting to a under-funding of kshs. 1,740,648 Or 2% of the budget.</p> <p>Futher, the statement reflects actual expenditure of kshs. 93,098,000 agaist the actual payments of kshs. 92,259,738 resulting to an under-performance of kshs. 838,262 Or 1% of the budget.t</p> <p>The under - performancefunding affected the planned activitie of the fund and impacted negatively on</p>	<p>adversely affect delivery of services by Narok County Assembly contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	service delivery to the members of the scheme.			
9	The statement of financial position reflects current and long-term portions of long-term receivables from exchange transactions balance of Kshs. 3,920,183 and Kshs. 78,920,607 all totaling Kshs. 82,840,790. However, the balance includes loans balances of Kshs 61,193,645.07 issued to County Assembly Staff in the period between July 2021 to June 2023 who are	The loans issued to County Assembly Staff are authorized beneficiaries as per the amended Fund Regulations.(Appendix 24-5 Staff Loan Regulations)	Resolved	2023-2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	not authorized beneficiaries as per the Fund Regulations.			

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....6/11/2025.....

Annex II: Inter-Fund Confirmation Letter

Name of transferring entity..... NAROK COUNTY GOVERNMENT

Name of beneficiary entity..... NAROK COUNTY ASSEMBLY

Confirmation of amounts received by Narok County Assembly as at 30th June 2025


Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Nil				Nil	
Nil				Nil	
Nil				Nil	
Total				<u>Nil</u>	

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

Head of Accounts Department - Disbursing Entity:

Name WALTER CHINDA Sign  Date 6/1/2025

Head of Accounts Department - Beneficiary Entity:

Name PETER S. TIANTO Sign  Date 6/1/2025

Annex III: Reporting of Climate Relevant Expenditures

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

Annex IV: Reporting on Disaster Management Expenditure

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