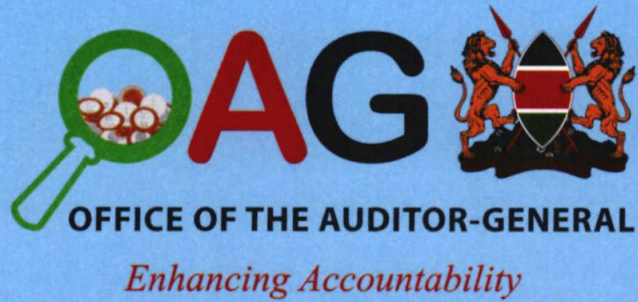


REPUBLIC OF KENYA



**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF MERU  
MEMBERS CAR LOAN AND  
HOUSING SCHEME FUND**

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

PAPERS LAID	
DATE	013/2025
TABLED BY	Dep May Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim

Revised 30<sup>th</sup> June 2024



MERU COUNTY GOVERNMENT  
**OFFICE OF THE CLERK**  
COUNTY ASSEMBLY OF MERU



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**COUNTY ASSEMBLY OF MERU MEMBERS CAR LOAN AND HOUSING  
SCHEME FUND**

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

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

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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## 1. Acronyms and Glossary of Terms

### a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
BBA	Bachelor of Business Administration
MBA	Masters in Business Administration
LLB	Bachelors of Law
CPA	Certified Public Accountant
CPS	Certified Public Secretary

### b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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## **2. Key Entity Information and Management**

### **a) Background information**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund was established on 21<sup>st</sup> June, 2017 under the County Government of Meru Members Car loan and Housing Scheme Fund Regulations of 2019 and derives its authority and accountability from The Public Finance Management Act, 2012 and The County Assembly Service Act, 2017. The Fund is wholly owned by the County Government of Meru and is domiciled in Kenya.

The fund's objective is to provide loan facilities for the purchase, development, renovation or repair of residential houses and purchase of personal motor vehicles to members of the scheme.

### **b) Principal Activities**

The Fund's principal activities are:

1. To consider and approve applications for loans presented to it in accordance with existing terms of borrowing.
2. To provide loan facilities for the purchase, development, renovation or repair of residential property by the members of the scheme;
3. To provide loan for the purchase of personal motor vehicles by members of the scheme

The vision of the Fund is to be a model fund that meets the needs of the membership in the attainment of decent housing. The fund has a mission to grow to enable all members get car loans and housing loans benefit from the fund.

### **c) Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1.	Hon. Ayub Bundi Solomon	Chairperson
2.	Hon. Patrick Mutuma	Member
3.	Hon. Mwenda Joseph Ithili	Member
4.	Hon. Jim Muchui Dionisio	Member
5.	Hon. Dennis Kiogora DMK	Member
6.	Hon. Martin Koome Itonga	Member
7.	Hon. Dorosen Kagwiria	Member
8.	Mr. Jacob Kirari	Secretary

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**d) Key Management Steam**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Mr. Jacob Kirari	Clerk- County Assembly of Meru
2	Mr. Lawrence Gitari Ndi	Director- Finance and Accounting
3	Mr. Benson Kinyua Ngure	Director-Legal, Legislative and committee Services
4	Mr. Elias Kirimi Marete	Director-Human Resources Management
5	Mr. Stanley Kipkosgei Karonai	Deputy Director- Finance

*(Include all positions regarded as top management for the Fund).*

**e) Fiduciary Oversight Arrangements**

<b>SN</b>	<b>Position</b>	<b>Name</b>
1	Ms. Pamela Karambu Kiliungi	Deputy Director- Internal Audit
2	Ms. Annie Nyakarura Kiberenge	Assistant Director- Internal Audit

**f) Registered Offices**

P.O. Box 3-60200  
County Assembly of Meru  
Kenyatta Highway  
Meru, Kenya.

**g) Fund Contacts**

Telephone: (254) 708 777 000  
E-mail: [assembly@meru.go.ke](mailto:assembly@meru.go.ke)  
Website: [www.meru.go.ke](http://www.meru.go.ke)

**h) Fund Bankers**

Family Bank Ltd  
Ghana Street, North Imenti  
P.O. Box  
Meru 60200  
Meru, Kenya

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**





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

**k) County Attorney**





The County Attorney,  
Meru County Government,  
P.O. Box 120-60200  
Meru, Kenya

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**





**3. Fund Administration Committee**

IMAGE AND NAME	KEY ACADEMIC QUALIFICATION/ WORK EXPERIENCE	D.O.B	DESIGNATION
 Hon. Ayub Bundi Solomon	Bachelor of Education	1969	Chairman
 Hon. Patrick Mutuma	Diploma in Education	21.10.1988	Member
 sHon. Mwenda Joseph Ithili	Bachelor of Arts in Economics	22.08.1990	Member
 Hon. Jim Muchui Dionisio	Bachelor of Arts in Economics and Political Science	15.12.1991	Member

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**


	Bachelor in Business Management Masters in Entrepreneurship	19.04.1988	Member	
Hon. Denis Kiogora DMK	O Level	27.07.1974	Member	
	O Level	01.07.1977	Member	
Hon. Martin Koome Itonga		Mr. Jacob Kirari <b>Academic Profile</b> Bachelor of Business Admin MBA, LLB	1968	Member
Hon. Dorosen Kagwiria				

**4. Management Team**

<b>Name/Image</b>	<b>Details of qualifications and experience</b>	<b>DOB</b>	<b>DESIGNATION</b>
	<p>Mr. Jacob Kirari  <b>Academic Profile</b>                      BBA                      MBA                      LLB</p>	1968	Clerk- Member
	<p>Mr. Lawrence Gitari Ndi  <b>Academic Profile</b>                      CPA(K)                      BBA                      MBA</p>	1971	Member
	<p>Mr. Benson Kinyua Ngure  <b>Academic Profile</b>                      LLB, Diploma in Law (KSL)</p>	1988	Member
	<p>Mr. Elias Kirimi Marete  <b>Academic Profile</b>                      BBA                      MBA (Human Resource)                      Member of Institute of HR Practitioners</p>	1968	Member

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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	Mr. Stanley Kipkosgei Karonai <b>Academic Profile</b> CPA(K) CPS BBA Diploma -Project Management	1979	Secretary
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## **5. Fund Chairperson's Report**

It is my pleasure to present, on behalf of the fund, the Meru County Assembly Members Car Loan and Housing Scheme Fund financial statements for the year ending 30<sup>th</sup> June, 2024. The financial statements present the financial performance of the fund over the past year.

### **Sustainability**

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured. The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options. There were no changes in the management team of the fund during the period under review.

### **Review of performance**

#### **Income**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund started with a seed capital of Kshs. 350,000,000/=. The seed capital was reduced to Kshs. 210,000,000/= by the end of financial year 2021-2022 owing to the payment of transport facilitation benefit of Kshs. 140,000,000/=. Each MCA was paid Kshs. 2,000,000/= each while the Hon. Speaker was paid Kshs. 4,000,000/=. In the year 2022-2023, the fund received an appropriation of Kshs. 130,000,000/= increasing the revolving fund to Kshs. 340,000,000/=. In the year under review, the fund earned revenues amounting to KShs. 12,162,813.

#### **Expenditures**

There were no disbursements in the financial year 2023-2024. The total expenditures during the period amounted to KShs. 10,576,270.

#### **Future outlook**

The management committee is optimistic that it will grow the fund to be able to meet all the future needs of the members of the County Assembly. In pursuit of the aforementioned goal, the management committee of this fund will invest funds in a fixed deposit account at Family Bank. This is one of the strategies that the fund is using to grow the fund and bridge the capital gap that was occasioned by the approval of the transport facilitation benefit. This approach will ensure that all idle funds are invested in fixed deposits.

#### **Conclusion**

I take this opportunity to express my sincere gratitude and appreciation to the County Government of Meru and the County Assembly of Meru, the management committee and staff for their continued support which has enabled us to attain these results.

I look forward to your continued support in the year 2024/2025.

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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Hon. Ayub Bundi Solomon    Signature..........Date.....

**Chairman, County Assembly of Meru Staff Car Loan and Housing Scheme Fund**

**6. Report of The Fund Administrator**

It is my pleasure to present the Meru County Assembly Staff Car loan and Housing scheme fund financial statements for the year ended 30<sup>th</sup> June, 2024. The financial statements present the financial performance of the fund over the past one year.

The fund was established on 21<sup>st</sup> June, 2017 and started with an initial amount of Kshs. 350,000,000 which was received in the period ended 30<sup>th</sup> June, 2018. The seed capital was reduced to Kshs. 210,000,000 by the end of financial year 2021-2022 owing to the payment of transport facilitation benefit of Kshs. 140,000,000. Each MCA was paid Kshs. 2,000,000 each while the Hon. Speaker was paid Kshs. 4,000,000. In the year 2022-2023, the fund received an appropriation of Kshs. 130,000,000 increasing the revolving fund to Kshs. 340,000,000. The rate of interest charged is 3% annum on a reducing balance for the duration of the loan as per the regulations and Salaries and Remuneration Commission guidelines while the period of loan is a maximum of five and twenty years for car loans and mortgages respectively.

Since its establishment a total of one hundred forty four members of the County Assembly of Meru have benefited from the fund to purchase their personal motor vehicles and to buy land and built their residential houses.

The car loan and mortgage fund has enabled members of the County Assembly of Meru better their lives so as to provide quality services to the county Assembly. In line with vision 2030, and in accordance with the Big 4 agenda, members of the County Assembly of Meru who have benefited from the fund have been able to have better houses to live in and better means of transport.

**Financial Performance**

**a) Revenue**

In the period under consideration, the fund received any transfers from the exchequer. In the table below, we present an analysis of revenue performance during the year.

<b>Revenue classification</b>	<b>Revenue budget (KShs)</b>	<b>Actual (KShs)</b>	<b>Realisation (%)</b>
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	
Interest income	13,286,113	12,162,813	92%
<b>Total income</b>	13,286,113	<b>12,162,813</b>	<b>92%</b>

**b) Loans**

During the period under reporting, there were no loan disbursements.

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Cash flows**

In the FY 2023/2024, maintained the seed capital of Kshs. 340,000,000. In the year under review, we did not have any liquidity disruptions. This was as a result of proper planning. The cash and cash equivalent increased from Kshs. 8,001,711 as at 1st July, 2023 to Kshs. 73,535,721 as at 30<sup>th</sup> June, 2024.

The seed capital County Assembly of Meru Members Car Loan and Housing Scheme Fund is as shown in the table below:

No.	Financial Year	Amount Kshs.
1	2016-2017	-
2	2017-2018	350,000,000
3	2018-2019	-
4	2019-2020	(140,000,000)
5	2020-2021	-
6	2021-2022	-
7	2022-2023	130,000,000
8	2023-2024	-
	<b>Total</b>	<b>340,000,000</b>

For all the members to make applications and receive car loan and housing fund, it is expected that the Fund should have Kshs. 379,000,000. For full disbursement to all members of the county Assembly to be possible, the required amount of Kshs. 379,000,000 should be available. This means that as at the end of the year under review, the fund had a fund deficit of Kshs. 39,000,000. This had the effect of reducing the repayment period the members have to repay the loans in full before the end of their constitutional term. This is summarized in the table below:

<b>Total Fund Requirement</b>	<b>Current Fund</b>	<b>Deficit</b>
Kshs.	Kshs.	Kshs.
379,000,000	340,000,000	39,000,000

**c) Key Risk Management Strategies**

The car loan and housing scheme fund enabled the members the County Assembly of Meru to purchase motor vehicles and construct or purchase residential premises. As a risk management strategy, the County Assembly ensured that all the collateral used by the staff to access the loans were properly secured and the title deeds charged accordingly at the lands registry.

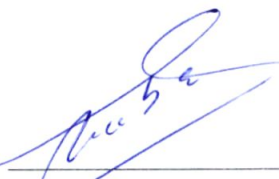
The loans taken by the members of the County Assembly were also insured for the entire period of the loans.

**d) Cash flows**

In the Financial Year, 2023/2024, the fund had a budget allocation to increase the seed capital.

**e) Conclusion**

I take this opportunity to thank the members of the management committee for their support. I would also want to thank all staff whom we have worked hand in hand to ensure that County Assembly of Meru members car loan and housing fund achieves its mission.

Signed:  \_\_\_\_\_ 24<sup>th</sup> September, 2024

**Jacob Kirari**  
**Fund Administrator**

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

### Introduction

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

The key development objectives of the Fund as per the strategic plan for 2023-2027 are to:

- a) Consider and approve applications for loans presented to it in accordance with existing terms and conditions for borrowing;
- b) Liaise with a housing company (if any) to set up a revolving fund for the disbursement of the loans
- c) Supervise the day to day running of the fund

### Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

The County Assembly currently has 69 members of the County Assembly, 1 Speaker and 2 members of the County Assembly of Meru Service Board. All of these members have benefited with the Members Car Loan and Mortgages from the fund. The management committee is committed to ensure that the fund is managed and grown for the objective of meeting future demands of the fund.

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Increase in revolving fund	To increase the revolving fund	Increased revolving fund	60% increase in revolving fund	Increase of revolving fund from Kshs. 210,000,000/= to Kshs. 340,000,000/=
Increase in disbursement of loans to MCAs	To provide car loans and housing scheme funds for all MCAs	Increased number of MCAs accessing the loans	100% disbursement to beneficiaries in 2023	72 members/beneficiaries

## **8. Corporate Governance Statement**

The County Assembly of Meru Staff Car Loan and Housing Scheme Fund management committee held six (6) meetings between 1<sup>st</sup> July, 2023 and 30<sup>th</sup> June, 2024. The meetings were fully attended. The Salaries and Remuneration Commission circular is used to pay the members sitting allowances as follows: Chairperson Kshs. 6,500, Vice Chairperson Kshs. 5,200 and Members Kshs. 3,900. Apart from the sitting allowances paid to the fund management committee, there were no remuneration paid to the members during the financial year under review.

Section 6 (1) of the County Assembly of Meru Staff Car Loan and Housing Scheme Fund regulations, 2019 appoints the following as members of the loans management committee:

- a) One member of the County Assembly Service Board nominated by a resolution of the Board who shall be the Chairperson,
- b) The Clerk of the County Assembly,
- c) The Deputy Clerk of the County Assembly,
- d) The Principal Finance Officer who shall be the Secretary to the Committee and ex officio member,
- e) All heads of departments,

The committee shall perform the following functions:

- d) Consider and approve applications for loans presented to it in accordance with existing terms and conditions for borrowing;
- e) Liaise with a housing company (if any) to set up a revolving fund for the disbursement of the loans
- f) Supervise the day to day running of the fund

The fund did not conduct an induction training for the members of the committee. This was as a result of cash flow challenges as the fund deficit is still huge and the staff car loan and housing fund scheme prioritizes the ploughing back of all repayments of loans together with annual budgetary allocation to disbursement of loans to help reduce this deficit.

During the financial year the staff car loan and housing scheme fund management committee spent Kshs. 174,720 on sitting allowances for the meetings attended.

However, the fund management committee is yet to develop a service charter.

During the year under review, there was no case of conflict of interest reported or brought to the attention of the management committee.

The management committee has no major succession plan issues it is mostly occasioned by General Elections.

**9. Management Discussion and Analysis**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund started with a seed capital of Kshs. 350,000,000/=. The seed capital was reduced to Kshs. 210,000,000/= by the end of financial year 2021-2022 owing to the payment of transport facilitation benefit of Kshs. 140,000,000/=. Each MCA was paid Kshs. 2,000,000/= each while the Hon. Speaker was paid Kshs. 4,000,000/=. In the year under review, the fund received Kshs. 130,000,000/= increasing the revolving fund to Kshs. 340,000,000/=

For all the members to make applications and receive car loan and housing fund, it is expected that the Fund should have Kshs. 379,000,000/=. The disbursements were made to all members but others had to wait for repayments to receive their loans. This had the effect of reducing the repayment period the members have to repay the loans in full before the end of their constitutional term. This is summarized in the table below:

<b>Total Fund Requirement</b>	<b>Current Fund</b>	<b>Deficit</b>
Kshs.	Kshs.	Kshs.
379,000,000	340,000,000	39,000,000

In the year under review, funds were disbursed to all 72 loan applicants. The management committee is optimistic that it will grow the fund to be able to meet all the future needs of the members of the County Assembly. In pursuit of the aforementioned goal, the management committee of this fund will invest funds in a fixed deposit account at Family Bank. This is one of the strategies that the fund is using to grow the fund and bridge the capital gap that was occasioned by the approval of the transport facilitation benefit. This approach will ensure that all idle funds are invested in fixed deposits.

The County Assembly of Meru Members Car Loan and Housing Scheme Fund Management Committee has disbursed car loans and mortgages to all the members of the County Assembly of Meru. The recoveries from the payroll are received on a monthly basis and the committee is optimistic that by the end of the current legislative term, the seed capital will be available to be disbursed to the new members starting August 2027.

There is a risk of the fund failing to attain its objectives if the seed capital is not enhanced by September 2027.

The fund management committee is in discussions to look into various options for investments to grow the fund into a self-sufficient and robust fund that will meet the future objectives of the fund.

## **10. Environmental and Sustainability Reporting**

The County Assembly of Meru Staff Car Loan and Housing Scheme exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the following pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **1. Sustainability strategy and profile -**

The management is committed to ensure that the fund is built up progressively to the level where all the members of staff of the County Assembly will access loan on a timely basis. The decision to invest in fixed deposit is geared towards achieving this goal in the long term. Owing to tight budgetary constraint within the Meru County, The County Assembly of Meru has not been able to provide significant budgets sufficient to offset the fund deficit within a single financial year.

### **2. Environmental performance**

The fund has not developed an environmental policy.

### **3. Employee welfare**

The fund has not hired staff but makes use of the existing County Assembly establishment. The human resource policy guides the hiring process. The County Assembly of Meru provides for continuous training of personnel in the various departments to enhance their capacity and be able to provide effective services to the institution.

### **4. Market place practices-**

- a) Responsible competition practice.  
The organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors by adhering to the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020.
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and ethical marketing practices are complied with by ensuring that the registered suppliers are accorded an equal opportunity in the market through the use of open tendering which are advertised in local dailies.

d) Product stewardship- outline efforts to safeguard consumer rights and interests

**5. Corporate Social Responsibility**

The County Assembly of Meru did not engage in any corporate social responsibility activities in the year under review.

## **11. Report of The Trustees**

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

### **Principal activities**

The principal activities of the Fund continue to be;

- a) Consider and approve applications for loans presented to it in accordance with existing terms and conditions for borrowing;
- b) Liaise with the housing company (if any) to set up a revolving fund for the disbursement of the loans;
- c) Supervise the day to day running of the fund.

### **Results**

The results of the Fund for the period ending 30<sup>th</sup> June, 2024 are set out on pages 1 to 6.

### **Trustees**

The members of the Board of Trustees who served during the year are shown on pages vi to page viii.

### **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

..........24<sup>th</sup> September, 2024

**Hon. Ayub Bundi Solomon**

**Chair of the Fund Administration Committee**

**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the County Assembly Service Act, 2017 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

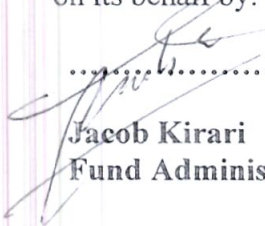
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i)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

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

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.

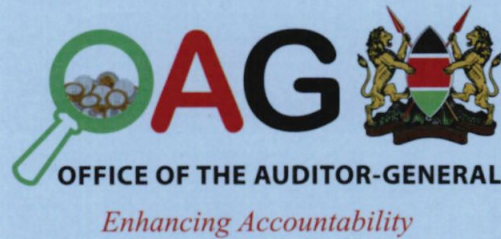
**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 24<sup>th</sup> September, 2024 and signed on its behalf by:

  
.....  
**Jacob Kirari**  
**Fund Administrator**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MERU MEMBERS CAR LOAN AND HOUSING SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

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

A qualified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 County Assembly of Meru Members Car Loan and Housing Scheme Fund set out on pages 1 to 37, which comprise

of the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report the financial statements present fairly, in all material respects, the financial position of County Assembly of Meru Members Car Loan and Housing Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012 and the County Assembly of Meru Members (Car Loan and Housing Scheme Fund) Regulations, 2019.

### **Basis for Qualified Opinion**

#### **Unsupported Transfer/Adjustment**

The statement of changes in net assets reflects transfers/adjustment balance of Kshs.12,265 whose nature has not been disclosed in a Note to the financial statements. In the circumstances, the accuracy and completeness of the transfers/adjustment balance of Kshs.12,265 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.13,286,113 and Kshs.12,162,813 respectively resulting to an under-funding of Kshs.1,123,300 or 8% of the budget. Similarly, the Fund spent Kshs.10,576,270 against actual receipts of Kshs.12,162,813 resulting to an under-utilization of Kshs.1,586,543 or 13% of the actual receipts.

The under-funding and under-utilization delayed the overall performance of the Fund and may have affected service delivery to the public.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion Section of my report, I have determined that there are no other key audit matters to communicate in my report.

## **Other Information**

The Management is responsible for the other information set out on page iii to xxi which comprise of Fund's Information and Overall Performance, Statement of Performance against Fund's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of County Assembly of Meru Members Car Loan and Housing Scheme Fund's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Assembly of Meru Members Car Loan and Housing Scheme Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. 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 USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis of Conclusion**

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

# REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## **Conclusion**

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

## **Basis of Conclusion**

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

## **Responsibilities of Management and 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the services or 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 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 for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**24 December, 2024**

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
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**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	12,162,813	8,909,506
Other Income	5	-	-
<b>Total Revenue</b>		<b>12,162,813</b>	<b>8,909,506</b>
			-
<b>Expenses</b>			-
Employee Costs	6	-	-
Use of goods and services	7	10,576,270	13,831,618
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>10,576,270</b>	<b>13,831,618</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>1,586,543</b>	<b>-4,922,112</b>

*(The notes set out on pages 7 to 35 form an integral part of these Financial Statements)*

.....  
**Jacob Kirari**  
**Administrator of the Fund**

.....  
**CPA. Stanley Kipkosgei Karonai**  
**Fund Accountant**  
**ICPAK Member Number: 8068**

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
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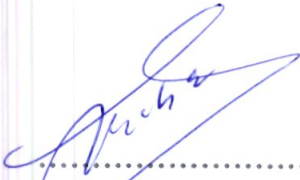
**15. Statement of Financial Position As at 30 June 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	73,535,721	8,001,711
Current Portion of Long- Term Receivables From Exchange Transactions	5	80,551,634	78,190,294
Receivables	6	14,128,298	-
<b>Total current assets</b>		<b>168,215,653</b>	<b>86,192,005</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	5	175,047,084	255,471,924
Investment Property	-	-	-
<b>Total non- current assets</b>		<b>175,047,084</b>	<b>255,471,924</b>
<b>Total Assets (A)</b>		<b>343,262,737</b>	<b>341,663,929</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current Provisions	-	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	-	-	-
<b>Total Liabilities (B)</b>		<b>-</b>	<b>-</b>
<b>Net Assets (A-B)</b>		<b>343,262,737</b>	<b>341,663,929</b>
<b>Represented By:</b>			
Revolving Fund		340,000,000	340,000,000
Reserves		-	-
Accumulated Surplus		3,262,737	1,663,929
<b>Net Assets</b>		<b>343,262,737</b>	<b>341,663,929</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24<sup>th</sup> September 2024 and signed by:

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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.....  
**Jacob Kirari**  
**Administrator of the Fund**



.....  
**CPA. Stanley Kipkosgei Karonai**  
**Fund Accountant**  
**ICPAK Member Number:8068**

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
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**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	210,000,000	-	<b>6,586,041</b>	216,586,041
Surplus/(Deficit) For the Period	-	-	-4,922,112	-4,922,112
Funds Received During the Year	130,000,000	-	-	130,000,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>340,000,000</b>	-	<b>1,663,929</b>	<b>341, 663,929</b>
<b>Balance As At 1 July 2023</b>	<b>340,000,000</b>	-	<b>1,663,929</b>	<b>341, 663,929</b>
Surplus/(Deficit) For the Period		-	1,586,543	1,586,543
Funds Received During the Year	-	-	-	-
Transfers/ Adjustment	-	-	12,265	12,265
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	<b>340,000,000</b>	-	<b>3,262,737</b>	<b>343,262,737</b>

*(Provide details on the nature and purpose of reserves)*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
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**17. Statement of Cash Flows for The Year Ended 30 June 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the county government		-	130,000,000
Interest received	2	12,162,813	8,909,506
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>12,162,813</b>	<b>138,909,506</b>
<b>Payments</b>			
Fund administration expenses	4	10,576,270	13,831,618
General expenses		-	-
Finance cost		-	-
<b>Total payments</b>		<b>10,576,270</b>	<b>13,831,618</b>
<b>Net cash flows from operating activities</b>	16	<b>1,586,543</b>	<b>125,077,888</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		63,947,467	92,949,570
Loan disbursements paid out		-	-375,020,500
<b>Net cash flows used in investing activities</b>		<b>63,947,467</b>	<b>-282,070,930</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>65,534,010</b>	<b>-156,993,042</b>
Cash and cash equivalents at 1 July	4	8,001,711	164,994,753
<b>Cash and cash equivalents at 30 June</b>	4	<b>73,535,721</b>	<b>8,001,711</b>

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

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	13,286,113	-	13,286,113	12,162,813	1,123,300	92
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>13,286,113</b>	<b>-</b>	<b>13,286,113</b>	<b>12,162,813</b>	<b>1,123,300</b>	
<b>Expenses</b>						
Fund Administration Expenses	13,286,113	-	13,286,113	10,576,270	2,709,843	80
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	<b>13,286,113</b>	<b>-</b>	<b>13,286,113</b>	<b>10,576,270</b>	<b>2,709,843</b>	
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,586,543</b>	<b>(1,586,543)</b>	
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Budget notes**

1. The fund attained 80% utilization on expenditure since the surplus was ploughed back to the fund. This represents the growth of the fund as the surplus which will help to bridge the capital gap.

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

The County Assembly of Meru Members Car Loan and Housing Fund is established by and derives its authority and accountability from Public Finance Management Act, 2012 and The County Assemblies Service Act, 2017. The entity is wholly owned by the County Government of Meru and is domiciled in Kenya. The entity’s principal activity is to consider and approve applications for loans presented to it in accordance with existing terms of borrowing.

**2. Statement of compliance and basis of preparation**

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

**3. Adoption of new and revised standards**

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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>

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
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<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared</p>

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
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	to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

**(i) Early adoption of standards**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund did not early – adopt any new or amended standards in the financial year.

**Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the County Assembly of Meru Members Car Loan and Housing Scheme Fund's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2024 was approved by the County Assembly on 30/06/2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations in the FY 2023/2024 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 of these financial statements.

**c) Property, plant and equipment**

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

**a) Intangible Assets**

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

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

**b) Investment property**

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

**Summary of Significant Accounting Policies (Continued)**

**c) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

### **Summary of Significant Accounting Policies (Continued)**

#### **Amortized cost**

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

#### **Fair value through net assets/ equity**

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

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

#### **Impairment**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The 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 16*

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**d) Inventories**

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

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

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

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

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**e) Provisions**

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

**f) Social Benefits**

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

**Summary of Significant Accounting Policies (Continued)**

**g) Contingent liabilities**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

The County Assembly of Meru Members Car Loan and Housing Scheme 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**h) Nature and purpose of reserves**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund does not create and maintain reserves in terms of specific requirements. Changes in accounting policies and estimates

The County Assembly of Meru Members Car Loan and Housing Scheme 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.

**i) Employee benefits – Retirement benefit plans**

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

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

**Summary of Significant Accounting Policies (Continued)**

**j) Foreign currency transactions**

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

**k) Borrowing costs**

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

**l) Related parties**

The County Assembly of Meru Members Car Loan and Housing Scheme Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the County Assembly of Meru Staff Car Loan and Housing Scheme Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**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.

## **Summary of Significant Accounting Policies (Continued)**

### **5. Significant judgments and sources of estimation uncertainty**

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

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

#### **a) Estimates and assumptions –**

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

#### **b) Useful lives and residual values**

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

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

#### **c) Provisions**

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**6. Notes To The Financial Statements Continued**

**1. Transfers from County Government**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	130,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>-</b>	<b>130,000,000</b>

**2. Interest income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	8,959,745	6,106,917
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	3,203,068	2,802,589
<b>Total Interest Income</b>	<b>12,162,813</b>	<b>8,909,506</b>

*(Provide brief explanation for this revenue)*

**3. Use of Goods and Services**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	7,820,900	9,248,600
Withholding Tax on Fixed Deposits	470,499	420,388
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	174,720	2,914,350
Bank Charges	5,553	18,699
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Stamp Duty	-	92,630

**County Assembly of Meru Members Car Loan and Housing Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Conference Facilities	2,104,598	1,136,950
Social benefit expenses*		
<b>Total</b>	<b>10,576,270</b>	<b>13,831,618</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42*

**4. Cash and cash equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
County Assembly of Meru Staff Car Loan and Mortgage Account	73,535,721	8,001,711
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Cash And Cash Equivalents</b>	<b>73,535,721</b>	<b>8,001,711</b>

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Family Bank		73,535,721	8,001,711
Equity Bank		-	-
<b>Sub- Total</b>		<b>73,535,721</b>	<b>8,001,711</b>
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>73,535,721</b>	<b>8,001,711</b>

**5. Receivables from exchange transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	80,551,634	78,564,352
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>80,551,634</b>	<b>78,564,352</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	175,047,084	255,097,866
<b>Total Non- Current Receivables</b>	<b>175,047,084</b>	<b>255,097,866</b>
<b>Total Receivables From Exchange Transactions</b>	<b>255,598,718</b>	<b>341,663,929</b>

County Assembly of Meru Members Car Loan and Housing Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

6. Receivables Others

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Current Receivables</b>		
Loan Recoveries due	14,128.298	-
<b>Total Receivables</b>	<b>14,128,298</b>	<b>-</b>

7. Investments in financial assets

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity	-	-
Sub- total	-	-
<b>Grand total</b>	<b>-</b>	<b>-</b>

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

**Movement of Equity Investments**

Impairment allowance/ provision	2023-2024	2022-2023
	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	-	-
<b>At the end of the year</b>	<b>-</b>	<b>-</b>

e) Shareholding in other entities

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

Name of Entity where	No of shares	Nominal value of shares	Fair value of shares	Fair value of shares

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
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investment held	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**8. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2023</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2024</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-
At 1 <sup>st</sup> July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2024</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-

County Assembly of Meru Members Car Loan and Housing Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

9. Intangible assets

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

10. Investment Property

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	-	-

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*

County Assembly of Meru Members Car Loan and Housing Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

11. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits				
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years		%		%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

12. Provisions

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

County Assembly of Meru Members Car Loan and Housing Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

13. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

County Assembly of Meru Members Car Loan and Housing Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024  
Notes To The Financial Statements (Continued)

14. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation					
<b>Total</b>	-	-	-	-	-

15. Social Benefit Liabilities

Description	2023-2024	2022-2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

County Assembly of Meru Members Car Loan and Housing Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

16. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	1,586,543	-4,922,112
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	12,162,813	8,909,506
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>1,586,543</b>	<b>1,863,886</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**17. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Other Disclosures Continued**

**e) Due to related parties**

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

**18. Contingent assets and contingent liabilities**

<b>Contingent Liabilities</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**19. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	333,662,218	333,662,218	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	8,001,711	8,001,711	-	-
<b>Total</b>	<b>341,663,929</b>	<b>341,663,929</b>	-	-
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	269,727,016	269,727,016	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	73,535,721	73,535,721	-	-
<b>Total</b>	<b>343,262,737</b>	<b>343,262,737</b>	-	-

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

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**Notes To The Financial Statements (Continued)**

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

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

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

**b) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2023</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
<b>Liabilities</b>	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

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**Notes To The Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>2023-2024</b>			
Euro	10%	326,274	34,326,274
USD	10%	326,274	34,326,274
<b>2022-2023</b>			
Euro	10%	166,393	34,166,393
USD	10%	166,393	34,166,393

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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 2,628 (2023: Kshs 16,640 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 163,137 (2023 – Kshs 83,197).

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**d) Capital risk management.**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	340,000,000	340,000,000
Accumulated surplus	3,262,737	1,663,929
<b>Total funds</b>	<b>343,262,737</b>	<b>341,663,929</b>
Total borrowings	-	-
Less: cash and bank balances	(73,535,721)	8,001,711
Net debt/(excess cash and cash equivalents)	(73,535,721)	(8,001,711)
<b>Gearing</b>	<b>%</b>	<b>%</b>

**20. Events after the reporting period**

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

**21. Ultimate and Holding Entity**

22. The County Assembly of Meru Members Car loan and Housing Scheme Fund is a County Public Fund established by the County Assembly of Meru Members Car Loan and Housing Fund regulations of 2019 pursuant to Section 116 of the Public Finance Management Act, 2012 as well as Section 45(2) of the County Assemblies Service Act, 2017. Its ultimate parent is the County Government of Meru.

**23. Currency**

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

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**20. Annexes**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
<b>Report on the Financial Statements</b>				
1.0	Accuracy of the Financial Statements	Relevant amendments in the financial statements have been made	Resolved	
1.1	Variations in the Financial Statements	Relevant amendments in the financial statements have been made	Resolved	
1.3	Statement of Cash Flows	Relevant amendments in the financial statements have been made	Resolved	
2.0	Unsupported Expenditure on Committee Allowances	Expenditure has been supported	Resolved	
<b>Other Matter</b>				
1.0	Budgetary Control and Performance	The budget estimates for the fund have been prepared in the FY 2023/2024	Resolved	
2.0	Unresolved Prior Year Matter	The committee is working with the audit committee to resolve prior year issues	Not Resolved	30.06.2025
<b>Report on the Lawfulness and Effectiveness in use of Public Resources</b>				
	Presentation of Financial Statements	Relevant amendments in the financial statements have been made	Resolved	
<b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>				

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**



Jacob Kirari,

**Fund Administrator,**

**The County Assembly of Meru Members Car Loan and Housing Scheme Fund**

**Date: 24<sup>th</sup> September, 2024**

*Meru County*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
Annual Report and Financial Statements for the year ended June 30, 2024  
Annex II: Inter-Fund Confirmation Letter



MERU COUNTY GOVERNMENT  
**OFFICE OF THE CLERK**  
MERU COUNTY ASSEMBLY

Meru County Assembly Headquarters  
P.O. Box 3 - 60200  
MERU

Landlines: 064-30040/064-30042  
Email: [assembly@meru.go.ke](mailto:assembly@meru.go.ke)

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County Assembly of Meru Staff Car Loan and Housing Scheme Fund  
P.O Box 3-60200,  
Meru

The County Assembly of Meru Members Car Loan and Housing Scheme Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by County Assembly of Meru Members Car Loan and Housing Scheme Fund as at 30<sup>th</sup> June 2024</b>							
		Amounts Disbursed by Members Car Loan and Housing Scheme Fund (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received by Members Car Loan and Housing Scheme Fund	Differences (KShs)
		Recurrent (A)	Development (B)		Total		

*Meru County*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*

**Annual Report and Financial Statements for the year ended June 30, 2024**

Reference Number	Date Disbursed			Inter-Ministerial (C)	(D)=(A+B+C)	(KShs) as at 30 <sup>th</sup> June 2023 (E)	(F)=(D-E)
		Nil	Nil	Nil	Nil	Nil	Nil
Total	-						

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

**Head of Accountants department of beneficiary Fund:**

**Name:** Lawrence Gitaari Ndi **Sign** .....**Date** .....

*Meru County*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*

Annual Report and Financial Statements for the year ended June 30, 2024

Annex III: Reporting of Climate Relevant Expenditures

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

*Meru County*

*County Assembly of Meru Members Car Loan and Housing Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**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