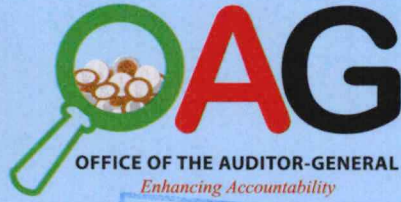
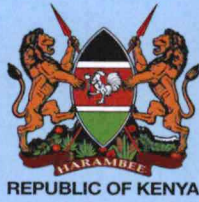


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY PAPERS LAID	
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REPORT

OF

THE AUDITOR-GENERAL

ON

**PRIVATIZATION COMMISSION CAR LOAN
AND MORTGAGE SCHEME FUND**

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



PRIVATIZATION COMMISSION
Enhancing Kenya's Productive Capacity

PRIVATIZATION COMMISSION

CAR LOAN AND MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2025

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

*Privatization Commission
Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2025*

TABLE OF CONTENTS

1. ACRONYMS AND DEFINITION OF KEY TERMS	iii
2. KEY FUND INFORMATION AND MANAGEMENT	iv
3. FUND ADMINISTRATION COMMITTEE	vi
4. CHAIRMAN'S REPORT	ix
5. REPORT OF THE FUND ADMINISTRATOR (EXECUTIVE DIRECTOR/CEO)	x
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xi
7. CORPORATE GOVERNANCE STATEMENT	xii
8. MANAGEMENT DISCUSSION AND ANALYSIS	xiii
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xv
10. REPORT OF THE FUND ADMINISTRATION COMMITTEE	xvi
11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	xvii
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF PRIVATIZATION COMMISSION STAFF CAR LOAN AND MORTGAGE SCHEME FUND	xix
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025	2
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025	5
18. NOTES TO THE FINANCIAL STATEMENTS	6
19. ANNEXES	21

1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms

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

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. KEY FUND INFORMATION AND MANAGEMENT

a) Background information

The Privatization Commission Car Loan and Mortgage Scheme Fund is established by and derives its Commission and accountability from SRC Circular No. SRC/ADM/CIR/1/13/VOL/III dated 17th December 2014. The Fund is wholly owned by the Commission and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to facilitate staff of the Commission to purchase residential houses and motor vehicles at low interest rates

c) Fund Administration Committee

The Fund is administered by the HFC limited. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

The Committee members who served during the year ended 30th June 2025 and who had direct fiduciary responsibility were;

- i. Donna Atieno – Director, Corporate Services
- ii. Dr. Janerose Omondi – Manager, Transaction Services
- iii. Sylvester Kamau – Manager, Supply Chain Management
- iv. Maureen Saina - Legal Manager
- v. Raphael Ogweni – Principal Accountant
- vi. Caroline Kittur – Manager, Human Resource and Administration(secretariat)

The fund administrator is responsible for the day-to-day operations.

d) Fiduciary Oversight Arrangements

The ED/CEO is the fund administrator while the Human Resource and Administration Department is the Secretariat responsible for the day-to-day operations.

KEY FUND INFORMATION AND MANAGEMENT (Continued)

e) Privatization Commission Office

P O Box 34542 - 00100
10th Floor, Social Security House – Annex
Bishops Road
Nairobi, KENYA

f) Privatization Commission Contacts

Telephone: +254 20 869 6800
Email: info@Privatization.go.ke
Website: www.Privatization.go.ke

g) Fund Bankers

HFC Ltd.
Harambee Avenue Branch
Harambee Avenue
NAIROBI, KENYA



h) Independent Auditors




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

i) Principal Legal Adviser



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

3. FUND ADMINISTRATION COMMITTEE

NAME	RESPONSIBILITY
<p>Dr. Joseph Koskey</p>  <p>Joseph holds a PhD in Business Administration, a Master of Business Administration (Strategic Management) and a Bachelor of Commerce (Accounting) degrees from the University of Nairobi. He is a member of the Institutes of Certified Public Accountants of Kenya (ICPAK), Certified Secretaries of Kenya (ICSK), Certified Investment and Financial Analysts (ICIFA) and the Institute of Directors Kenya (IODK). He is also a certified trainer on corporate governance and a Certified Governance Auditor.</p>	<p>Fund Administrator (Executive Director/CEO)</p> <p><i>(proceeded on terminal leave effective 16th June 2025 pending his contract end date of 31st July 2025)</i></p>
<p>Dr. Janerose Omondi</p>  <p>Janerose holds a PhD in Business Administration from Jomo Kenyatta University of Agriculture (JKUAT) and Technology, a Master of Business Administration degree (Strategic Management) from the Kenya Methodist University, and a Bachelor of Science degree in International Business Administration (Finance) from United States International University – Africa (USIU-A). She is also a member of the Institute of Internal Auditors (K).</p>	<p>Fund Administrator- Ag. Executive Director/CEO effective 16th June 2025</p>

NAME	RESPONSIBILITY
<p>Ms. Donna Atieno</p>  <p>Donna holds a Master of Science in Development Finance degree from Strathmore University, a Master of Business Administration (Finance) degree from Kenya Methodist University and a Bachelor of Business Management (Accounting) degree from Moi University. She is a Certified Public Accountant (CPA-K) registered with ICPAK. She is also a certified Retirement Benefits Trustee.</p>	<p>Chair of the Committee-Director Corporate services</p>
<p>Caroline Kiftur</p>  <p>Caroline has a Master of Business Administration degree in (Strategic Management) and a Bachelor of Arts degree in Sociology from Moi University; a Higher National Diploma in Human Resources Management from the Institute of Human Resource Management (IHRM); and an Executive Diploma in Industrial Relations from the United States International University – Africa (USIU-A). She is a practicing member of IHRM and a Certified Conflict Mediator.</p>	<p>Committee Member-Secretariat Manager, Human Resource and Administration-</p>
<p>Mr. Sylvester Kamau</p>  <p>Sylvester holds a Master of Science (MSc) degree in Procurement and Logistics from the JKUAT and a CIPS Post-Graduate Professional Diploma in Procurement and Supplies. He also has a Bachelor of Arts degree in Government and Public Administration from Moi University. He is a registered and licensed member of the Kenya Institute of Supplies Management.</p>	<p>Committee Member Manager, Supply Chain Management</p>

*Privatization Commission
 Car loan and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended 30th June 2025*

NAME	RESPONSIBILITY
<p>Maureen Saina</p>  <p>Maureen is an advocate of the High Court of Kenya and a Certified Secretary holding a Masters' degree in Public Policy from the University of Strathclyde, Scotland, a Post-Graduate Diploma in Legal Studies from Kenya School of Law and a Bachelor of Laws degree from Catholic University of Eastern Africa. She is a member of the Law Society of Kenya and Institute of Certified Secretaries of Kenya.</p>	<p>Committee Member, Legal Manager</p>
<p>Raphael Ogwen:</p>  <p>Raphael holds a Master of Business Administration (Finance) from the University of Nairobi and Bachelor of Business Management (Finance & Banking) degree from Moi University. He is a Certified Public Accountant CPA (K) and a member of ICPAK.</p>	<p>Committee Member - Principal Accountant</p>

4. CHAIRMAN'S REPORT

It is my pleasure to present the Chairman's Report for the Privatization Commission Car Loan and Mortgage Scheme for the financial year ending June 2025.

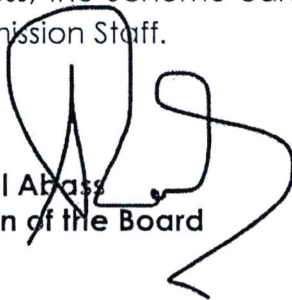
The Scheme, established in 2018, continues to serve as a vital support mechanism for staff seeking financial assistance for car and mortgage loans. The initial fund of Kshs. 80,000,000 has grown steadily, with total receipts reaching Kshs. 120,480,956 by June 2025.

Since its inception, the Scheme has successfully supported sixteen (16) members of staff, with total disbursements amounting to Kshs. 130,279,000. This reflects our commitment to improving staff welfare and enhancing financial empowerment within the Commission. As of the end of the financial year, the Scheme recorded outstanding loan balances of Kshs. 102,269,455.15, with an active application pipeline valued at Kshs. 19,500,000.00. These figures demonstrate continued interest and trust in the facility, despite the challenges faced.

One of the key challenges during the year was the government's directive to eliminate funding for car loans and mortgage schemes, a result of broader austerity measures. This policy shift has impacted the growth trajectory of the fund and limited our ability to expand the Scheme's reach.

Looking ahead, we remain optimistic and committed to encouraging more staff to take advantage of the facility. We believe that with strategic engagement and awareness, the Scheme can continue to make a meaningful difference in the lives of Commission Staff.

Mr. Faisal Abbas
Chairman of the Board

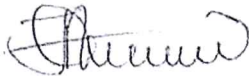


5. REPORT OF THE FUND ADMINISTRATOR (EXECUTIVE DIRECTOR/CEO)

In 2018, the Board established a Staff Car Loan and Mortgage Scheme Fund for the Privatization Commission staff. A Committee was appointed whose objective is to coordinate and engage with the HFC Bank in the management of the scheme fund on behalf of the Privatization Commission.

A contract was signed by the Privatization Commission and HFC Bank in April 2018 with an initial fund of Kshs. 80,000,000. As of June 2025, the Fund had received a total of Kshs. 120,480,956. Since its inception, the scheme has supported sixteen (16) members of staff and loans worth Kshs. 130,279,000 have been disbursed.

The operations and financial responsibilities are overseen by the Executive Director/CEO who is the Accounting Officer and are guided by the scheme rules subject to the approved annual budget.



Dr. Janerose Omondi
Fund Administrator (Ag. ED/CEO)

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Fund's performance against predetermined objectives

During the year, the Committee:

1. Processed two motor vehicle loan applications and forwarded them to HFC for vetting; and
2. Reviewed the Commission's Car Loan and Mortgage Policy.

7. CORPORATE GOVERNANCE STATEMENT

The Staff Car Loan and Mortgage Scheme Fund is guided by the contract between the Commission and HFC Limited. This agreement is anchored on the SRC Circular No. Circular No. SRC/ADM/CIR/1/13/VOL/III dated 17th December 2014, the PFM Act, 2012 and Privatization Commission's Human Resource Policy and Procedures Manual.

In addition, it operates using the Privatization Commission Staff House Mortgage and Car Loan Scheme Policies and Procedures that outline the objective and purpose of the Scheme as:

- a) To provide house mortgage and car loan facilities to Commission Officers to purchase and/or to develop houses and to buy motor vehicles as prescribed in these Rules; and
- b) To cater for administrative expenses of the Scheme.

Scheme Management Committee

The scheme is managed through a Management Committee appointed on an annual basis. The Committee's responsibilities include:

- i) To ensure smooth implementation of the Commission staff Car and Mortgage scheme;
- ii) To recommend procurement of a financial institution/bank to administer the agreed scheme activities on its behalf;
- iii) Oversee the management of the Scheme;
- iv) Monitor and evaluate the performance of the Scheme;
- v) Liaise with the financial institution/bank to set up an account for the disbursement of the loans;
- vi) Prepare estimates of revenue and expenditure for consideration and approval by the Commission Board;
- vii) Approve investment of any surplus funds, not immediately required in line with guidelines issued by the National Treasury from time to time;
- viii) Cause to be kept all proper books and records of account of the income, expenditure, assets and liabilities of the Scheme;
- ix) Receive any gifts, donations, grants or endowments made to the Scheme;
- x) Consider and approve financial statements of the Scheme;
- xi) Perform any other functions that are ancillary to the objects and purpose for which the Scheme is established: and
- xii) Determine its own procedures for conducting its business.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Fund Administration Committee reports the following performance for the year ended 30th June 2025:

(a) Summary of Account Balances

Summary of Account Balances		
High Interest account (Un-Utilized Account)	2299583401	35,350,168.48
Back up Account (Utilized Account)	2299583102	102,269,455.15
FUNDS AVAILABILITY SUMMARY		
Un-Utilized Funds Account Balance (2299583401)		35,350,168.48
Application Pipeline		19,500,000.00
Available Funds for Lending		15,850,168.48

(b) Ongoing applications

NAME	PRODUCTS	REQUESTED DATE	REQUESTED AMT	STATUS TITLE
Naomi Kerubo Ongwae	Purchase Owner Occupier	Wip	10,000,000	Customer Sourcing for a House
Willy Ngeno	Asset Finance	Wip	500,000	At Documentation Stage
Beth Njoki Njeri	Mortgage Loan	Wip	6,000,000	At Documentation Stage
Virginiah Kariuki	Asset Finance	Wip	3,000,000	RM Processing Application
			19,500,000	

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(c) Loan Portfolio

Staff	Type of Loan	Balances
MAUREEN SAINA CHEBET	MORTGAGE LOAN	5,852,766.47
VALENTINE ODHIAMBO ACHIENG	MORTGAGE LOAN	5,799,897.80
JANEROSE OMONDI SANDE	MORTGAGE LOAN	7,140,001.68
RAPHAEL WILLIAM OGWENO	MORTGAGE LOAN	6,410,709.14
BESSIE VALLERIE ATIENO	MORTGAGE LOAN	6,587,374.83
CAROL KITTUR	MORTGAGE LOAN	8,730,551.62
JUDITH ONYANGO	CONSTRUCTION OWNER OCCUPIER	5,060,354.60
SYLVESTER KAMAU	CAR LOAN	2,035,032.90
VIULANCE MWANYIKA	CAR LOAN	2,332,836.44
JAIRUS KOECH	CONSTRUCTION OWNER OCCUPIER	9,839,001.30
FAITH ROB	MORTGAGE LOAN	8,585,288.19
OBADIA KIPKOECH	PLOT PURCHASE/CONSTRUCTION	1,752,613.20
CAROL KITTUR	CAR LOAN	2,528,003.10
DONNA ATIENO	MORTGAGE LOAN	11,094,586.42
CLIVE NJIRU	BUY AND BUILD LOAN	14,999,982.21
		98,748,999.90

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Privatization Commission, sponsor of the Car Loan and Mortgage Scheme Fund, is driven by a clear purpose: to transform lives. This mission guides every aspect of its strategy—from prioritizing customer needs to delivering relevant services and enhancing operational excellence. The Commission's commitment to sustainability is reflected in its policies and activities aimed at creating a healthier workplace, protecting the environment, and engaging responsibly with stakeholders.

(i) Sustainability Strategy

The Commission is dedicated to maintaining a safe and healthy work environment while minimizing its environmental impact. It complies with all relevant environmental legislation and adopts best practices to ensure long-term sustainability.

(ii) Employee Welfare

The Commission has aligned its Occupational Safety and Health Policy with national legislation. It has trained First Aiders and Fire Marshalls, conducted annual OSHA audits, and renewed its Premises Occupation Certificate.

(iii) Responsible Business Practices

The Commission maintains strong supplier relationships through transparent and fair procurement processes; Equal opportunity for all suppliers; and strict adherence to contract terms.

(iv) Corporate Social Responsibility (CSR)

A dedicated CSR Committee was formed in September 2024 to implement the Commission's CSR policy. Key initiatives included large-scale tree planting in collaboration with the National Treasury, Kenya Forest Services, and local communities:

- (a) Ndaragwa Forest (Oct 2024): 10,000 seedlings planted
- (b) Muumandu Forest (Nov 2024): 56,000 seedlings planted
- (c) Sorget Forest (June 2025): 20,000 indigenous trees planted

The Privatization Commission continues to champion sustainability, responsible governance, and community engagement. Through its environmental initiatives, employee welfare programs, ethical business practices, and CSR efforts, the Commission is making meaningful strides toward transforming lives and building a sustainable future.

10. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Fund Administration Committee submit their report for the year ended June 30, 2025 which show the state of the Fund's affairs.

Principal activities

The principal activities of the Fund are to provide house mortgage and car loan facilities to Commission Officers to purchase and/or to develop houses and to buy motor cars as prescribed in the Rules; and

Performance

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

Management Committee

The members of the Management Committee who served during the year are shown on page vi to vii.

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 Committee



.....
Donna Atieno
Chair of the Fund Administration Committee

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator (MD/CEO) of a Fund established by *Circular No. SRC/ADM/CIR/1/13/VOL/III dated 17th December 2014* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator 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 30th June 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the fund;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 *SRC Circular No. SRC/ADM/CIR/1/13/VOL/III*. 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 30th June 2025, and of the Fund's financial position as at that date.

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

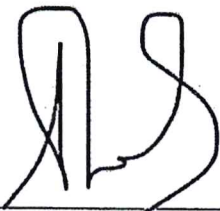
Privatization Commission
Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2025

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator of the Fund 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 21/8/25 and signed on its behalf by:



Mr. Faisal Abbass
Chairman of the Board



Dr. Janerose Omondi
Fund Administrator (Ag. ED/CEO)

REPUBLIC OF KENYA

Phone: +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 PRIVATIZATION COMMISSION CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Privatization Commission Car Loan and Mortgage Scheme Fund set out on pages 1 to 21, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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

Report of the Auditor-General on Privatization Commission Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2025

which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Privatization Commission Car Loan and Mortgage Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Privatization Commission Act, 2005 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Information

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

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those charged with Governance

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

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

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

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

Those charged with Governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 November, 2025

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025.

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Revenue			
Revenue from exchange transactions			
Interest income	7	3,595,857	2,864,224
Total Revenue		3,595,857	2,864,224
Expenses			
Use of goods and services	8	2,976,365	1,999,202
Total Expenses		2,976,365	1,999,202
Surplus for the period		619,492	865,022

The notes set out on pages 6 to 20 form an integral part of these Financial Statements.

The Financial Statements were approved on 21/08/2025 and signed by:



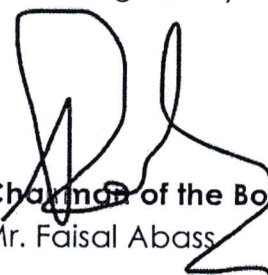
Fund Administrator
 Dr. Janerose Omondi

Date **21/08/2025**



Manager Finance
 Virginiah Kariuki
 ICPAK No. 3706

Date **21/08/2025**



Chairman of the Board
 Mr. Faisal Abass

Date **21/08/2025**

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Assets			
Current Assets			
Cash and cash equivalents	9	35,350,169	63,065,207
Non-current assets			
Receivables from exchange transactions	10	102,359,651	73,928,999
Total assets		137,709,820	136,994,206
Liabilities			
Trade and Other Liabilities	11	96,122	-
Net assets & liabilities			
Mortgage and Car loan revolving fund		122,150,667	122,150,667
Accumulated surplus (Reserves)	12	15,463,031	14,843,539
		137,613,698	136,994,206
Total net assets and liabilities		137,709,820	136,994,206

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

The Fund Financial Statements were approved on 21/08/2025 and signed by:



Fund Administrator
 Dr. Janerose Omondi

Date 21/08/2025



Manager Finance
 Virginiah kariuki
 ICPAK No. 3706

Date 21/08/2025



Chairman of the Board
 Mr. Faisal Abbass

Date 21/08/2025

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

Description	Car loan / Mortgage Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
Balance as at 1 July 2023	92,150,667	13,978,516	106,129,183
Surplus/(deficit) for the period	-	865,022	865,022
Transfer from the Privatization Commission	30,000,000	-	30,000,000
As at 30th June 2024	122,150,667	14,843,538	136,994,205
Balance as at 1 July 2024	122,150,667	14,843,540	136,994,207
Surplus/(deficit) for the period	-	619,492	619,492
As At 30th June 2025	122,150,667	15,463,032	137,613,699

16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest income	7	3,595,857	2,864,225
Cash from loan repayment		9,845,548	6,806,053
		13,441,405	9,670,278
Payments			
payments for goods and services	8	2,880,244	3,669,014
Loan Disbursements		38,276,200	21,228,299
		41,156,444	24,897,313
Net cash flow from operating expenses		(27,715,039)	(15,227,035)
Cashflow from Financing activities			
Receipts into the Mortgage revolving fund	6		30,000,000
Net cash generated from financing activities			30,000,000
Net increase/(decrease) in cash and cash equivalents		(27,715,039)	14,772,965
Cash and cash equivalents at 1 July		63,065,207	48,292,242
Cash and cash equivalents at 30th June	9	35,350,169	63,065,207

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

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e	F=d/c
Budget carryovers from the previous year		63,065,207	63,065,207	63,065,207	0	
Receipts						
Interest income	1,000,000	-	1,000,000	936,961	63,039	94%
Other income	3,000,000	-	3,000,000	2,658,896	341,104	89%
Total Revenue	4,000,000	63,065,207	67,065,207	66,661,066	404,143	99%
Expenses						
Fund administration costs	3,000,000	-	3,000,000	2,658,896	341,104	89%
Finance cost	1,000,000	-	1,000,000	221,348	778,652	22%
Expenditure	4,000,000	-	4,000,000	2,880,244	1,119,756	72%
Surplus for the period				63,780,820		

Notes

- The variance in between the final budget and the actual expenditure under the finance costs was due to reduction in funds available for investment.
- The difference between the original budget and the final budget is because of budget carryover from the previous year

Budget reconciliation

Description of Particulars	Amount in Kshs
Actual surplus amounts as per the statement of budget	63,780,820
Cash from loan repayment	9,845,548
Loan Disbursements	(38,276,200)
Closing cash and cash equivalent as per the statement of cash flows	35,350,169

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Privatization Commission staff car loan and mortgage scheme derives its Commission and accountability from Privatization Commission 2005. The fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to facilitate staff of the Commission to purchase residential houses and motor vehicles at low interest rates

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, *Privatization Act 2005*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</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> <p>The standard does not apply to the car loan and mortgage scheme fund</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard does not apply to the car loan and mortgage scheme fund</p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be 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>

	<i>The standard does not apply to the car loan and mortgage scheme fund</i>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The standard does not apply to the car loan and mortgage scheme fund</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard does not apply to the car loan and mortgage scheme fund</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The standard does not apply to the car loan and mortgage scheme fund</i></p>

IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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.</p> <p>The standard does not apply to the car loan and mortgage scheme fund</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The standard does not apply to the car loan and mortgage scheme fund</p>

iii. Early adoption of standards

The scheme did not early – adopt any new or amended standards in the year ended 30th June 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Significant Accounting Policies

a. Revenue recognition

(i) Revenue from non-exchange transactions

Transfers from other government entities

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

b. Budget information

The original budget for FY 2024/25 was approved on 30th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of cash flows has been presented

c. Financial instruments

(i) Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

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.

(ii) Financial liabilities

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

d. Contingent liabilities

The Commission 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

e. Contingent assets

The Commission 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.

f. Nature and purpose of reserves

Privatization Commission creates and maintains reserves in terms of specific requirements

g. Changes in accounting policies and estimates

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

h. Related parties

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

i. 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.

j. Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Events after the reporting period

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

l. Ultimate and Holding Entity

The entity is a Fund established by SRC circular No. SRC/ADM/CIR/1/13 VOL III dated 17th December 2014. Its ultimate parent is the Government of Kenya.

m. Currency

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. Significant Judgments and Sources of Estimation Uncertainty**

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

State all judgements, estimates, and assumptions made

Estimates and assumptions

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

6. Transfers from Privatization Commission

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfer from Privatization Commission	-	30,000,000
Total transfer		30,000,000

7. Interest Income

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest income from car/Mortgage loans	2,658,896	1,680,871
Interest income on bank deposits	936,961	1,183,353
Total interest income	3,595,857	2,864,224

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Use Of Goods and Services

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Fund administration Costs	2,658,896	1,680,871
Taxation	317,469	318,331
Total	2,976,365	1,999,202

9. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs.	Kshs.
HFC Car loan/ mortgage account	35,350,169	63,065,207
Total cash and cash equivalents	35,350,169	63,065,207

9 a) Detailed analysis of the cash and cash equivalents are as follows:

		2024/2025	2023/2024
Financial institution	Account number	Kshs.	Kshs.
Mortgage and Car Loan fund			
HFC Ltd account- fixed deposit account	2299583401	35,350,169	63,065,207
Grand total		35,350,169	63,065,207

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Current Receivables				
HFC Ltd	3,610,651		1,288,196	
Long term loan repayments due Mortgage	98,749,000		72,640,803	
	102,359,651		73,928,999	
Ageing Analysis (receivables) from exchange transactions				
	2024/2025	% of total	2023/2024	% of total
Less than 1 year	33,985,836	33%	22,134,574	30%
Between 1-2yrs	20,757,125	20%	15,318,768	21%
Between 2-3yrs	7,095,387	7%	8,297,406	11%
Over 3yrs	40,521,301	40%	28,178,251	38%

11. Trade and Other Liabilities

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Bal Brought forward	-	-
Additions	96,121	-
Total	96,121	-

12. Reserves

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Bal Brought forward on reserves	14,843,539	13,978,517
Additions	619,492	865,022
Total	15,463,031	14,843,539

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Net Cash Flows from Operating Activities

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Surplus for the year	619,492	865,022
Working Capital Adjustment		
Increase in receivables	(28,430,652)	(14,608,369)
Increase in payables	96,121	(1,483,688)
Net cash flow from operating activities	(27,715,039)	(15,227,035)

14. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.
At 30 June 2024				
Receivables from exchange transactions	73,928,999	73,928,999	-	-
Bank balances	63,065,207	63,065,207	-	-
Total	136,994,206	136,994,206	-	-
At 30 June 2025				
Receivables from exchange transactions	102,359,651	102,359,651		
Bank balances	35,350,169	35,350,169		
Total	137,709,820	137,709,820		

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 loans.

b) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Capital risk management

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

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Revolving fund	122,150,667	122,150,667
Accumulated surplus (<i>Reserves</i>)	15,463,031	14,843,539
Total funds	137,613,698	136,994,206
Less: cash and bank balances	-35,350,169	-63,065,207
Net debt/(excess cash and cash equivalents)	102,263,530	73,928,999
Gearing	74%	54%

15. Related Party Balances

a) Nature of related party relationships

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

- a) National government Entity
- b) Key management;
- c) Board of Trustees/Committee;

21. Events after the Reporting Period

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Ultimate and Holding Entity

The Scheme is a Fund under the sponsorship of Privatization Commission which is a SAGA

23. Currency

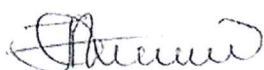
The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

19. 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 provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: when you expect the issue to be resolved)
Emphasis of matter				
Budgetary control and performance	The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounts of Kshs. 5,000,000 and Kshs. 2,864,225 respectively resulting in under-funding of kshs.21,35,775 or 43% of the budget. Similarly, the statement reflects actual expenditure of kshs.1,990,203 against actual receipts of kshs.2,864,225 respectively resulting in under-performance by kshs865,022 or 30% of the receipts. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.	The underperformance on budget was caused by low uptake of loans by the staff which also has an impact on the cost of use of goods and services. During the year, additional budget was provided to fund the scheme that has enabled staff to access the facility. Currently, there is a pipeline of applications amounting to Kshs. 45 million at various stages of approval	Resolved	N/A



Dr. Janerose Omondi
 Fund Administrator (Ag. Executive Director/CEO)
 Date.21/08/2025.