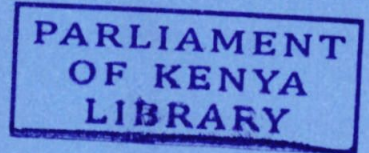


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

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

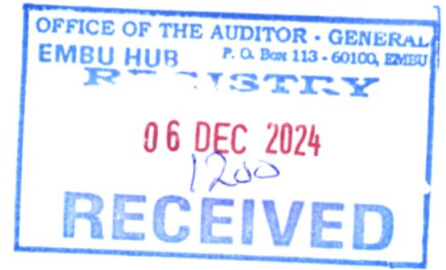
**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Mas Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim

Revised 30th June 2024



MERU COUNTY GOVERNMENT
OFFICE OF THE CLERK
COUNTY ASSEMBLY OF MERU



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

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

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

County Assembly of Meru Staff 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
LLB	Bachelor of Laws
CPA	Certified Public Accountant
KSL	Kenya School of Law
BBA	Bachelor of Business Administration
MBA	Master in Business Administration
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
----------------------	---

2. Key Entity Information and Management

a) Background information

The County Assembly of Meru Staff Car Loan and Housing Scheme Fund was established on 21st June, 2017 under the County Government of Meru Staff 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

Ref	Name	Position
1.	Hon. Ayub Bundi Solomon	Chairperson
2.	Mr. Jacob Kirari	Member
3.	Mr. Lawrence Gitaari Ndi	Member
4.	Mr. Stanley Kipkosgei Karonai	Secretary
5.	Mr. Elias Kirimi Marete	Member
6.	Mr. Mercy Mwakachiu Nthuku	Member
7.	Mr. Benson Kinyua Ngure	Member
8.	Mr. Edward Karundu Murithi	Member
9.	Ms. Phillipa Mwendwa Kiao	Member
10.	Ms. Emily Kendi	Member

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

d) Key Management Team

Ref	Name	Position
1	Mr. Jacob Kirari	Clerk- County Assembly of Meru
2	Mr. Lawrence Gitari Ndi	Director- Finance and Accounting
3	Mr. Stanley Kipkosgei Karonai	Deputy Director- Finance

e) Fiduciary Oversight Arrangements

SN	Position	Name
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
Website: www.meru.go.ke

h) Fund Bankers

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

Equity Bank Limited
Njuri Ncheke street
P.O. Box 400-60200
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


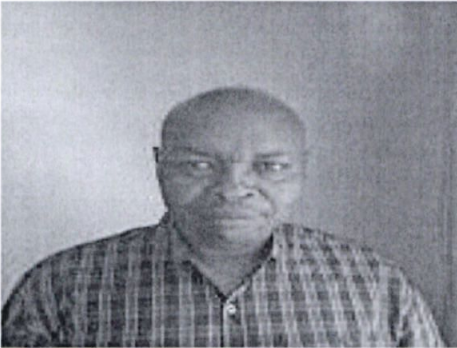


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

k) County Attorney


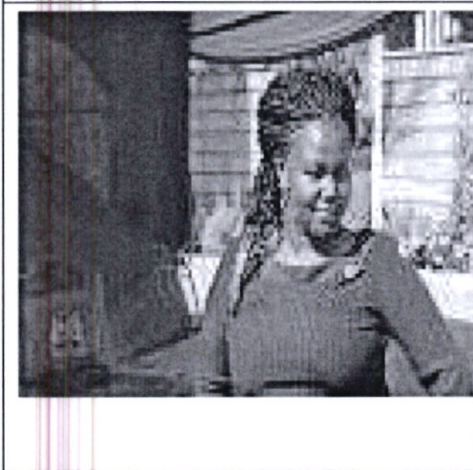


The County Attorney,
Meru County Government,
P.O. Box 120-60200
Meru, Kenya

County Assembly of Meru Staff 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 Academic Profile Bachelor of Education	1969	Chairman
	Mr. Jacob Kirari Academic Profile Bachelor of Business Admin MBA, LLB	1968	Member
	Mr. Lawrence Gitari Ndi Academic Profile CPA(K) Bachelor of Business Administration MBA	1971	Member
	Mr. Stanley Kipkosgei Karonai Academic Profile CPA(K) CPS BBA Dip. Project Management	1979	Secretary

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

	<p>Mr. Elias Kirimi Marete Academic Profile BBA MBA (Human Resource) Member of Institute of HR Practitioners</p>	<p>1968</p>	<p>Member</p>
	<p>Ms. Mercy Mwakachiu Nthuku Academic Profile Degree in Mass Communication (Public Relations) Member of PRSK Diploma in Journalism Pursuing Master's degree in Public Policy and Administration</p>	<p>1980</p>	<p>Member</p>
	<p>Mr. Benson Kinyua Ngure Academic Profile LLB, Diploma in Law (KSL)</p>	<p>1988</p>	<p>Member</p>
	<p>Mr. Edward Karundu Murithi Academic Profile Bsc. Sports Science Diploma in Forensic Accounting Diploma in Criminal Investigation</p>	<p>1984</p>	<p>Member</p>




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

	<p>Bachelor of Business Management CPA(K)</p>	<p>1984</p>	<p>Member</p>
	<p>Bachelor of Business Management MBA CPA Part II</p>	<p>1987</p>	<p>Member</p>

Phillipa Mwendwa Kiao

Emily Kendi

4. Management Team

Name/Image	Details of qualifications and experience	DOB	DESIGNATION
	Mr. Jacob Kirari Academic Profile BBA MBA LLB	1968	Clerk- Member
	Mr. Lawrence Gitari Ndii Academic Profile CPA(K) BBA MBA	1971	Member
	Mr. Stanley Kipkosgei Karonai Academic Profile CPA(K) CPS BBA DIP-Project Management	1979	Secretary

5. Fund Chairperson's Report

It is my pleasure to present, on behalf of the fund, the Meru County Assembly Staff Car Loan and Housing Scheme Fund financial statements for the year ending 30th 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 Meru County Assembly staff car loan and Housing Scheme fund initial capital consisted of monies appropriated by the County Assembly in the FY 2017/2018 amounting to Kshs. 80,000,000 to operate as a revolving fund with annual increase from the Assembly's budget based on anticipated credit needs projections, funds available or repayments from beneficiaries. In the earned revenues amounting to KShs. 8,012,744 from the County Government of Meru in the year ended 30th June, 2024. Disbursements during the period were carried out as per the plan with the coordinated efforts by all stakeholders.

Expenditures

The total disbursements amounted to Kshs. 58,873,920 made to twelve members. The total expenditures during the period amounted to KShs. 1,267,353.

Future outlook

I appreciate the progressive growth in the seed capital from the initial Kshs, 80,000,000 in the year 2017 to the current position of Kshs. 247,692,366. The outlook of the Fund for 2024/2025 looks brighter since a further budgetary allocation of Kshs. 30,000,000 has been budgeted. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery since there is still a deficit of over Kshs. 200,000,000 if all the staff members are to benefit from the fund.

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 Staff Car Loan and Housing Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Hon. Ayub Bundi Solomon Signature..........Date 24th September, 2024

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

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

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 30th June, 2024. The financial statements present the financial performance of the fund over the past one year.

The fund was established on 21st June, 2017 and started with an initial amount of Kshs. 80,000,000/= which was received in the period ended 30th June, 2017. The fund has grown over the years and currently has a seed capital of Kshs. 247,692,366. 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 sixty seven members of staff have benefited from the fund, out of these, nine Members got loans to purchase their personal motor vehicles while forty-six members are beneficiaries of mortgage that has enabled them to buy land and others build their residential houses.

The car loan and mortgage fund has enabled staff members 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 staff 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.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Revenue	KShs	KShs	
Interest income	8,100,000	8,012,744	99%
Total income	8,100,000	8,012,744	99%

b) Loans

During the period under reporting, the fund disbursed loans to twelve (12) members of staff making the total loan beneficiaries to sixty seven (67) since its inception for the Housing Fund.

County Assembly of Meru Staff 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, we requisitioned the budgeted amount of Kshs. 30,000,000 and received a total of Kshs. 30,000,000 which was disbursed to 12 members. 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. 12,833,635 as at 1st July, 2023 to Kshs. 68,860 as at 30th June, 2024.

The fund has witnessed a systematic growth albeit a slow one since inception. The fund has seen a growth as shown in the table below:

No.	Financial Year	Amount Kshs.
1	2016-2017	80,000,000
2	2017-2018	50,000,000
3	2018-2019	12,000,000
4	2019-2020	-
5	2020-2021	20,445,542
6	2021-2022	-
7	2022-2023	55,246,824
8	2023-2024	30,000,000
	Total	247,692,366

However as at 30th June, 2024 there was a fund deficit since there was a requirement of Kshs. 89,000,000 in pending applications for housing scheme. This means that the County Assembly requires this amount to be able to settle all the applications.

In the financial year 2023-2024 the fund had a budget allocation of Kshs. 30,000,000 which was low compared to the pending applications. The fund collects an average of Kshs. 1,800,000 from monthly repayments which is used to offset pending disbursements on a first come first served basis.

c) Key Risk Management Strategies

The car loan and housing scheme fund enabled the members of staff the County Assembly of Meru to purchase motor vehicles and construct or purchase residential premises. As a risk management

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

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 staff 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 of Kshs. 30,000,000 which amount was too low compared to the pending applications. This means that there is need to further enhance the staff car loan and housing scheme fund to ensure that all members of staff benefit from the fund in the short term.

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 staff car loan and housing fund achieves its mission.

Signed:  24th 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 86 members of staff out of whom only 55 members have taken car loans and mortgages. The management committee is committed to ensure that the fund is managed and grown for the objective of meeting future demands of the fund. This will include mechanisms to provide further funds to enable all the members of staff benefit from the fund.

Program	Objective	Outcome	Indicator	Performance
Increase in revolving fund	To increase the revolving fund	Increased revolving fund	34% increase in the staff car loan and housing scheme fund	Increase in the revolving fund from Kshs. 217,692,366 to Kshs. 247,692,366
Increase in disbursement of loans to staff	To provide car loans and housing scheme funds for all staff	Increased number of staff accessing the loans	21% increase of beneficiaries in 2023	Increased number of beneficiaries from 55 to 67 staff

8. Corporate Governance Statement

The County Assembly of Meru Staff Car Loan and Housing Scheme Fund management committee held eight (8) meetings between 1st July, 2022 and 30th June, 2023. 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. 408,850 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.

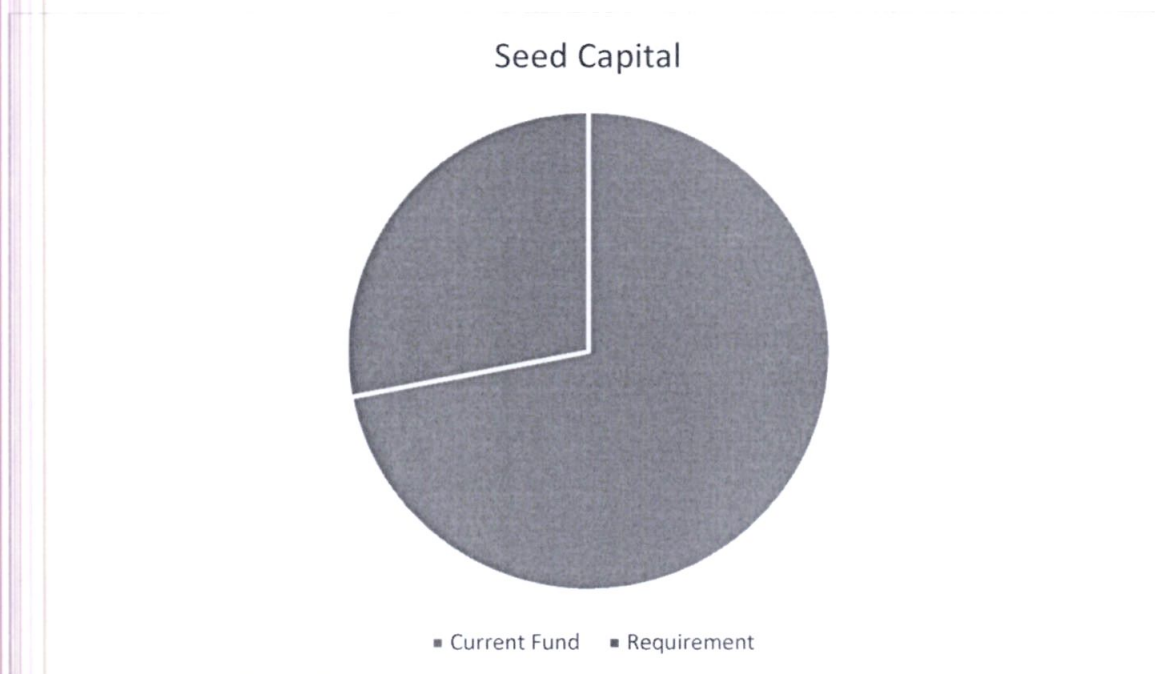
The management committee has no major succession plan issues it is mostly occasioned by General Elections.

9. Management Discussion and Analysis

The County Assembly of Meru Staff Car Loan and Housing Scheme Fund Management Committee has not been able to disburse car loans and mortgages to all the members of staff of the County Assembly of Meru. The recoveries from the payroll are received on a monthly basis and the committee is optimistic that progressive budgetary allocations will be allocated annually to boost the seed capital to accommodate more staff members.

The fund management committee has discussed options for investments to grow the fund into a self-sufficient and robust fund that will meet the future objectives of the fund. The County Assembly of Meru staff Car Loan and Housing Scheme Fund started with a seed capital of Kshs. 25,000,000. The seed capital has since grown to Kshs. 247,692,366.

From the list of pending applications from members of staff that still require funds, a total of Kshs. 89,000,000 more is needed to meet this requirement.



In the period under review, a total of Kshs. 58,873,920 was disbursed to twelve loan applicants making a total of sixty seven beneficiaries since its inception. The management committee is optimistic that it will grow the fund to be able to meet all the needs of the members of staff of the County Assembly.

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

This will be attained through the annual budget process where the management committee has provided for an additional allocation Kshs. 30,000,000 in the financial year 2024/2025 to benefit more staff.

10. Environmental and Sustainability Reporting

The County Assembly of Meru Staff Car Loan and Housing Scheme Fund 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 Staff Car Loan and Housing Scheme Fund 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 30th 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 30th June, 2024 are set out on pages 1 to 6.

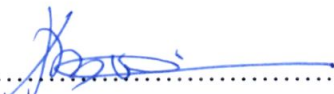
Trustees

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

..........24th 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.

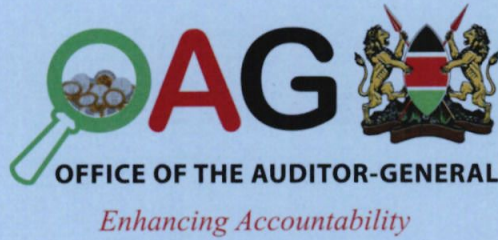
Approval of the financial statements

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


.....
Jacob Kirari
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

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

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.

An unmodified 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

Opinion

I have audited the accompanying financial statements of County Assembly of Meru Staff 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, the financial statements present fairly, in all material respects, the financial position of County Assembly of Meru Staff 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 Staff (Car Loan and Housing Scheme Fund) Regulations, 2019.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Meru Staff 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total income budget and actual on comparable basis of Kshs.8,100,000 and Kshs.8,012,744 respectively, resulting in under-funding of Kshs.87,256. However, the Fund spent an amount of Kshs.1,267,353 against actual receipts of Kshs.8,012,744 resulting in an under-utilization of Kshs.6,745,391 or 84 % of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page i to xxii which comprise of Fund's Information and Overall Performance, Statement of Performance against Fund's Predetermined Objectives, Environmental and Sustainability Reporting

and statement of 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 Staff 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, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources Section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis of Conclusion

Non-Compliance with Disbursements Requirements

The statement of financial position reflects current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions balances of Kshs.9,216,061 and Kshs.255,235,751 respectively totalling Kshs.264,451,812, as disclosed in Note 6 to the financial statements. However, there were no certificates issued by technical experts for the project portions done to allow further funding or disbursements. This was contrary to Regulation 17 of the County Assembly of Meru staff Car Loan and Housing Fund Regulations, 2019 which states that a loan granted for development of residential property under these Regulations shall be released to the applicant in the following phases; the first disbursement based on the value of land on which the residential property is proposed to be developed and the subsequent disbursements based on the rate of completion of the various phases of development as certified by qualified valuer at the cost of applicants.

Further, Mortgage Protection Policy and a Fire Policy for insurance were not provided for audit contrary to Regulation 20(1) of the county assembly of Meru staff (Car Loan and Housing Fund) Regulations, 2019 which states that a borrower shall take out and maintain a mortgage protection policy and a fire policy with a firm approved by the Board, the cost of which shall be paid out of the Fund and debited in the borrower's account.

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

20 December, 2024

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

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government		-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	3	8,012,744	5,209,187
Other Income		-	-
Total Revenue		8,012,744	5,209,187
Expenses			
Employee Costs		-	-
Use of goods and services	4	1,267,353	3,495,595
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
Total Expenses		1,267,353	3,495,595
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		6,745,391	1,713,592

(The notes set out on pages 7 to 36 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 Staff Car Loan and Housing Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	68,860	12,833,635
Current Portion of Long- Term Receivables From Exchange Transactions	6	9,216,061	13,321,650
Receivables	7	4,274,165	-
Total current assets		13,559,086	26,155,285
Non-Current Assets			
Long Term Receivables from Exchange Transactions	6	255,326,751	206,711,268
Investment Property	-	-	-
Total non- current assets		255,326,751	206,711,268
Total Assets (A)		268,885,837	232,866,553
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		268,885,837	232,866,553
Represented By:			
Revolving Fund		247,692,366	217,692,366
Reserves		-	-
Accumulated Surplus		21,193,471	15,174,187
Net Assets		268,885,837	232,866,553

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

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 24th September 2024 and signed by:-



.....
Jacob Kirari
Administrator of the Fund



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

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

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	162,445,542	-	13,460,595	175,906,137
Surplus/(Deficit) For the Period		-	987,485	987,485
Funds Received During the Year	55,246,824	-	-	55,246,824
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	217,692,366	-	14,448,080	232,140,446
Balance As At 1 July 2023	217,692,366	-	14,448,080	232,140,446
Surplus/(Deficit) For the Period		-	6,745,391	6,745,391
Funds Received During the Year	30,000,000	-	-	30,000,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	247,692,366	-	21,193,471	268,885,837

(Provide details on the nature and purpose of reserves)

County Assembly of Meru Staff 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
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	2	30,000,000	55,246,824
Interest received	3	8,012,744	5,209,187
Receipts from other operating activities		-	-
Total receipts		38,012,744	60,456,595
Payments			
Fund administration expenses	4	1,267,353	3,495,595
General expenses		-	-
Finance cost		-	-
Other payments		1,267,353	3,495,595
Net cash flows from operating activities		36,745,391	56,960,416
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		9,363,754	10,831,424
Loan disbursements paid out		-58,873,920	-55,096,530
Net cash flows used in investing activities		-49,510,166	-44,265,106
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		-12,764,775	12,695,310
Cash and cash equivalents at 1 July		12,833,635	138,325
Cash and cash equivalents at 30 June		68,860	12,833,635

(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
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	8,100,000	-	8,100,000	8,012,744	87,256	99
Other Income	-	-	-	-	-	
Total Income	8,100,000	-	8,100,000	8,012,744	87,256	
Expenses						
Fund Administration Expenses	8,100,000	-	8,100,000	1,267,353	6,832,647	16
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
Total Expenditure	8,100,000	-	8,100,000	1,267,353	6,832,647	
Surplus For the Period	-	-	-	6,745,391	(6,745,391)	
Capital expenditure	-	-	-	-	-	

Budget notes

1. The fund attained 16% utilization on expenditure since the surplus was ploughed back to the fund in terms of disbursements to staff. This represents the growth of the fund as the surplus helped bridge the capital gap.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The County Assembly of Meru Staff 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 County Assembly of Meru Staff car loan and Housing Fund 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 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st 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 1st 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 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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>IPSAS 47- Revenue</p>	<p><i>Applicable 1st 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 1st 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 Staff Car Loan and Housing Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st 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 Staff 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 Staff 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 Staff 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.

Summary of Significant Accounting Policies (Continued)

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 Staff 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 Staff 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 Staff car loan and Housing 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 xx*.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

The County Assembly of Meru Staff car loan and Housing 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.

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 Staff car loan and Housing 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 Staff car loan and Housing 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 Staff 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 Staff 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 Staff 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 Staff 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 Staff 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 Entity. 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 Staff 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. Public contributions and donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	30,000,000	55,246,824
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	30,000,000	55,246,824

3. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	8,012,744	5,142,473
Interest Income From Car Loans	-	66,714
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	8,012,744	5,209,187

(Provide brief explanation for this revenue)

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

Notes to the Financial Statements Continued

4. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	717,400	2,774,600
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	408,850	473,200
Bank Charges	11,603	8,720
Lunch Allowances	129,500	74,000
Fuel And Oil Costs	-	15,000
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	10,875
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Conference Facilities	-	139,200
Social benefit expenses*		
Total	1,267,353	3,495,595

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

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

5. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
County Assembly of Meru Staff Car Loan and Mortgage Account	68,860	12,833,635
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	68,860	12,833,635

County Assembly of Meru Staff 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
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Family Bank		40,169	12,668,375
Equity Bank		28,691	165,260
Sub- Total		68,860	12,833,635
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		68,860	12,833,635

6. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	9,216,062	13,321,650
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	9,216,062	13,321,650
Non-Current Receivables		
Long Term Loan Repayments Due	255,326,751	206,711,702
Total Non- Current Receivables	255,326,751	206,711,702
Total Receivables From Exchange Transactions	264,542,813	220,032,903

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

Notes to the Financial Statements Continued

7. Receivables -Others

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Loan Recoveries Due	4,274,165	-
Total Receivables	4,274,165	-

8. Investments in financial assets

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

(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	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

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

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

County Assembly of Meru Staff 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. Property, plant and equipment

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

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

10. Intangible assets

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

11. Investment Property

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

(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 Staff Car Loan and Housing Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

12. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits				
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
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	-	%	-	%
Total (tie to above total)	-		-	

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

13. Provisions

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

County Assembly of Meru Staff 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. Borrowings

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

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

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

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(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 Staff Car Loan and Housing Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

15. 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					
Total	-	-	-	-	-

16. 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	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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 Staff 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. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	6,745,391	3,345,301
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	8,012,744	5,209,187
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	1,267,353	1,863,886

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

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

Notes To The Financial Statements (Continued)

18. 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	-	-
Total	-	-

d) Due from related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

**County Assembly of Meru Staff 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

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

19. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

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

Notes To The Financial Statements (Continued)

20. 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
At 30 June 2024				
Receivables From Exchange Transactions	264,542,812	264,542,812	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	68,860	68,860	-	-
Total	264,611,672	264,611,672	-	-
At 30 June 2023				
Receivables From Exchange Transactions	220,032,918	220,032,918	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	12,833,635	12,833,635	-	-
Total	232,868,553	232,868,553	-	-

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

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

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 County Assembly of Meru Staff car loan and Housing Fund has significant concentration of credit risk on amounts due.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**County Assembly of Meru Staff 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 County Assembly of Meru Staff car loan and Housing Fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the 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
At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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.

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

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
2023-2024			
Euro	10%	674,539	26,888,584
USD	10%	674,539	26,888,584
2022-2023			
Euro	10%	171,359	23,286,655
USD	10%	171,359	23,286,655

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 County Assembly of Meru Staff car loan and Housing 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 67,454 (2023: Kshs 17,136). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 337,270 (2021 – Kshs 85,680).

**County Assembly of Meru Staff 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	247,692,377	217,692,366
Accumulated surplus	21,193,471	15,174,187
Total funds	268,885,848	232,866,553
Total borrowings	-	-
Less: cash and bank balances	(68,860)	(12,833,635)
Net debt/(excess cash and cash equivalents)	(68,860)	(12,833,635)
Gearing	%	%

21. Events after the reporting period

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

22. Ultimate and Holding Entity

23. The County Assembly of Meru Staff Car loan and Housing Scheme Fund is a County Public Fund established by the County Assembly of Meru Staff 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.

24. Currency

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

**County Assembly of Meru Staff 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported General Office Expenses	General office expenses supported	Resolved	
2.	Inaccurate statement of cashflow	Statement of cash flows amended	Resolved	
3.	Lack of approved Budget	Budget Approved	Resolved	
4.	Unbalanced Budget		Resolved	
5.	Unresolved prior years Audit issues	Management is working with audit committee to resolve pending issues	Not resolved	30.06.2025
6.	Non Compliance with the regulations	Management is committed to enhance compliance	Not resolved	30.06.2025



Jacob Kirari

Fund Administrator

24th September, 2024

Meru County

**County Assembly of Meru Staff 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**

Landlines: 064-30040/064-30042
Email: assembly@meru.go.ke

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

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

The County Assembly of Meru Staff Car Loan and Housing Scheme Fund wishes to confirm the amounts disbursed to you as at 30th 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.

Confirmation of amounts received by County Assembly of Meru Members Car Loan and Housing Scheme Fund as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by Staff Car Loan and Housing Scheme Fund (Kshs) as at 30 th June 2024				Amount Received by Members Car Loan and Housing Scheme Fund (KShs) as at 30 th June 2023	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		

Meru County

County Assembly of Meru Staff Car Loan and Housing Scheme Fund

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						(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 Gitari Ndii **Sign**.....**Date:** 24th September, 2024

Meru County

County Assembly of Meru Staff 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
				Q 1	Q 2	Q 3	Q 4		

Meru County

County Assembly of Meru Staff 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 (Ksh s.)	Comments