


REPUBLIC OF KENYA



 <b>THE NATIONAL ASSEMBLY</b> PAPERS LAID	
<b>REPORT</b>	
DATE:	05 MAR 2026 <span style="float: right;">DAY: Thursday</span>
TABLED BY: <b>OF</b>	Hon. Owen Baya, MP Deputy leader of Majority Party
CLERK-AT-THE-TABLE:	A. Shituko

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**THE AUDITOR-GENERAL**

**ON**

**NUCLEAR POWER AND ENERGY AGENCY  
(NUPEA) STAFF CAR LOAN AND MORTGAGE  
SCHEME FUND**

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

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**NUCLEAR POWER AND ENERGY AGENCY**  
**STAFF CAR LOAN AND MORTGAGE SCHEME FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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



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**1 Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

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

**B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation

**Comparative Year-** Means the prior year.

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## **2 Key Entity Information and Management**

### **a) Background Information**

In the Financial Year 2017/2018, the Nuclear Power and Energy Agency (NuPEA) approved the establishment and operationalization of the Staff Mortgage and Car Loan Schemes. This decision was guided by the provisions of the Salaries and Remuneration Commission (SRC) Circular No. SRC/ADM/CIR/1/13/VOL: III (128) dated 17<sup>th</sup> December, 2014 alongside guidelines issued by the National Treasury and Planning and the NuPEA Staff Mortgage and Car Loan Regulations, 2018.

The Scheme officially commenced on 1<sup>st</sup> March, 2018 following the Board's approval of a structured five-year funding plan aimed at creating a sustainable revolving fund. The Fund was designed to provide long-term financial support to staff for purposes such as acquisition or construction of residential property and purchase of motor vehicles.

The Fund is wholly owned by the Agency and is domiciled in Kenya. It operates under a dedicated governance and administrative framework to ensure compliance with relevant statutory requirements, effective oversight and prudent management of resources. Since its inception, the Fund has grown steadily and continues to play a pivotal role in advancing employee welfare and institutional stability.

### **b) Principal Activities**

The principal mandate of the NuPEA Staff Mortgage and Car Loan Fund is to provide affordable and accessible financial assistance to employees of the Nuclear Power and Energy Agency for the acquisition of residential properties and motor vehicles. The Fund is designed to promote employee welfare, motivation and retention by supporting key aspects of personal development and financial stability.

The Fund is administered by a designated Fund Administrator under the oversight of the Staff Mortgage and Car Loan Advisory Committee. This Committee is responsible for reviewing and processing loan applications in accordance with the approved NuPEA Staff Mortgage and Car Loan Regulations, 2018, establishing and maintaining a revolving fund to support continued disbursement, and supervising the Fund's day-to-day operations to ensure efficiency, transparency and compliance.

To facilitate the effective administration of the Scheme, the Agency has entered into Memoranda of Understanding (MoUs) with two financial institutions—Stima Sacco Society Limited and the Development Bank of Kenya. These institutions act as service providers and work in close liaison with NuPEA's Management Team. Their responsibilities include evaluating loan applications,

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disbursing approved funds, collecting repayments through the check-off system and providing regular performance reports to the Agency.

The partnership with these institutions ensures professional financial management, enhances operational efficiency, and strengthens accountability in the implementation of the Fund. All facilities advanced through the Fund are subject to strict adherence to the eligibility criteria, terms and conditions set out in the Agency's Staff Car Loan and Mortgage Scheme Regulations. The Fund is guided by NuPEA's Vision, Mission and Core Values.

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**Mission**

To develop nuclear power, undertake research and capacity building in the energy and petroleum sector for socio-economic prosperity.

01



**Vision**

Sustainable, affordable and clean energy solutions

02

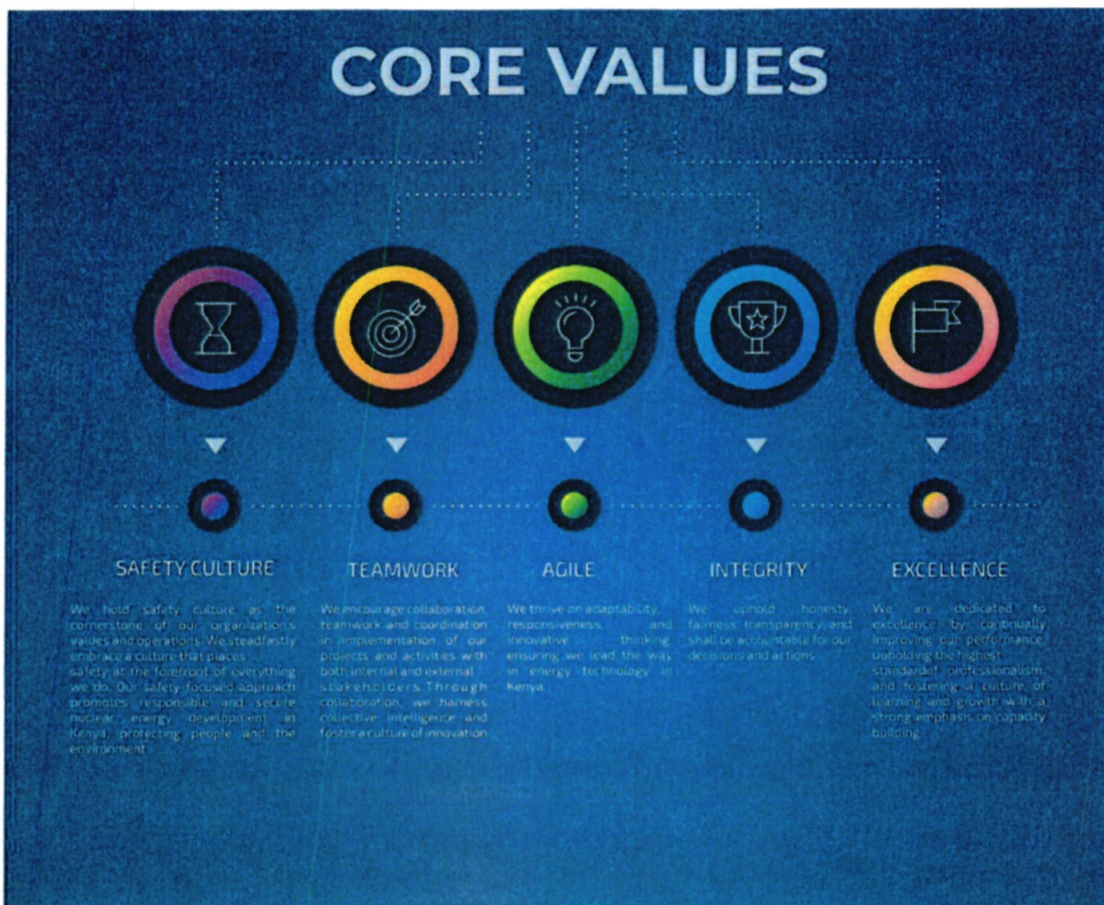


Figure 1: NuPEA Vision, Mission and Core Values

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**c) Key Management**

The funds day-to-day management is under the following key organ:

***Table 1: Key Management***

1.	Manager Finance and Accounts	CPA Caren Oduor.
2	Fund Manager/ Administrator	CHRP. Benedict Njuguna
3	Fund Accountant	CPA. Naftaly Gitonga
4	Fund Liaison Officer	CHRP Hillary Kipchirchir

**Note:** The day-to-day activities of the funds are run by Stima Sacco Society Ltd and Development Bank of Kenya who are the service providers together with the Liaison Officer from the Agency.

**d) Fiduciary Oversight Arrangements**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June, 2025 and who had direct fiduciary responsibility were:

***Table 2: Fiduciary Oversight Arrangements***

SN	Position	Name	
1	Directorate Internal Audit	1.	CPA. Peter Ndungu.
2	Fund Management Committee	1	Eng. Eric Ohaga
		2	Dr. Winfred Ndubai (PhD)
		3	CS Serah Esendi
		4	CPA Caren Oduor
		5	CHRP Benedict Njuguna
		6	Mr. Lawrence Siele

**Note:** The members of the Committee were appointed on 19<sup>th</sup> February, 2024 for a renewable term of three (3) years. However, CS. Serah Esendi was subsequently appointed to the Committee in July 2024 to fill a vacancy arising during the term.

**e) Entity Headquarters**

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P.O. Box 26374-00100  
Kawi House Complex  
South C - Red Cross Road, Nairobi, Kenya

**f) Entity Contacts**

Telephone: (254) 20 5138300  
E-mail: [info@nuclear.co.ke](mailto:info@nuclear.co.ke)  
Website: [www.nuclear.co.ke](http://www.nuclear.co.ke)

**g) Fund Bankers**

- i. Stima Sacco Society Limited  
Kawi House Branch  
P.O Box 76629-00200  
Nairobi, Kenya.
- ii. Development Bank of Kenya  
Loita Street Branch  
P O Box 30483  
Nairobi, Kenya.

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

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**3 Fund Administration Committee**



Eng. Ohaga holds an MSc in Nuclear Engineering (KINGS), Masters of Business Administration, BSc. in Electrical / Electronic Engineering and post graduate diploma in Project Planning and management. He is a registered Consulting Engineer with the Engineers Board of Kenya and a member of the Institute of Engineers of Kenya (IEK)

**Eng. Erick Ohaga**  
**Director, Nuclear Energy Infrastructure Development**



Dr. Winfred holds a Doctor of Philosophy in Business Administration and Master's Degree in Finance and a Bachelor of Economics from the University of Nairobi. She is the Chairperson of Women in Nuclear (Kenya Chapter)

**Dr. Winfred Ndubai (PhD)**  
**Director, Strategy & Planning**



CS Serah is an Advocate of the High Court, Commissioner for Oaths, Notary Public and Certified Secretary with at least fourteen years work experience. She holds a Master of Laws (LLM) Degree from the University of Kwazulu Natal, South Africa, Bachelor of Laws (LLB) Degree from the Catholic University of Eastern Africa, A Post Graduate Diploma from the Kenya School of Law. She is a practicing member of the Law Society of Kenya, and the Institute of Certified Secretaries respectively.

**CS Serah Okumu**  
**Director, Legal and Regulatory Services & Corporation Secretary**

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CPA Caren holds a Master's Degree in Business Administration and a Bachelor of Commerce (Accounting option) degree both from the University of Nairobi. She is a Certified Public Accountant of Kenya – CPA (K) and a member of Institute of Public Accountants of Kenya (ICPAK), and a member of association of Women Accountants of Kenya (AWAK).

**CPA Caren Oduor**  
Manager Finance and Accounts



Mr. Njuguna holds a Master of Arts in International Studies and a Bachelor of Arts degree, both from the University of Nairobi. Additionally, he possesses a higher National Diploma in Human Resources Management from the College of Human Resource Management. He is a Certified Human Resource Professional (CHRP-K) and practicing member of the Institute of Human Resource Management (IHRM).

**CHRP Benedict Njuguna**  
Manager, Human Resource and Administration



Mr. Siele holds a Master's Degree in Information Systems and a Bachelor of Science Degree in Computer Science. He holds a Diploma in Project Management and Diploma in Database Management. He also holds professional qualifications in Microsoft Certified Systems Engineer (MCSE), Cisco Certified Network Associate (CCNA), PRINCE2, PMP and Cybersecurity.

**Mr. Lawrence Siele**  
Manager, ICT

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**4 Management Team.**



Eng. Ohaga holds an MSc in Nuclear Engineering (KINGS), Masters of Business Administration, BSc. in Electrical / Electronic Engineering and post graduate diploma in Project Planning and management. He is a registered Consulting Engineer with the Engineers Board of Kenya and a member of the Institute of Engineers of Kenya (IEK).

**Eng. Erick Ohaga**  
Director, Nuclear Energy Infrastructure Development



CPA Caren holds a Master's Degree in Business Administration and a Bachelor of Commerce (Accounting option) degree both from the University of Nairobi. She is a Certified Public Accountant of Kenya – CPA (K) and a member of Institute of Public Accountants of Kenya (ICPAK), and a member of association of Women Accountants of Kenya (AWAK).

**CPA Caren Oduor**  
Manager Finance and Accounts



Mr. Njuguna holds a Master of Arts in International Studies and a Bachelor of Arts degree, both from the University of Nairobi. Additionally, he possesses a higher National Diploma in Human Resources Management from the College of Human Resource Management. He is a Certified Human Resource Professional (CHRP-K) and practicing member of the Institute of Human Resource Management (IHRM).

**CHRP Benedict Njuguna**  
Manager, Human Resource and Administration



CPA Naftaly Gitongah is Certified Public Accountant of Kenya (CPAK) with more than fourteen years of work experience. He holds a master degree in Strategic Management from Management University of Africa (MUA) and Bachelor degree in Business Management from Moi University. He is a member of Institute of Certified Public Accountants of Kenya (ICPAK).

**CPA Naftaly Gitongah**  
Principal Officer Finance and Accounts

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**5 Fund Chairperson's Report**



On behalf of the Staff Mortgage and Car Loan Advisory Committee, I am pleased to present the financial statements for the Staff Mortgage and Car Loan Scheme Fund for the year ended 30<sup>th</sup> June, 2025. These statements provide a comprehensive overview of the Fund's financial performance, operational highlights and progress achieved over the past financial year.

The Staff Mortgage and Car Loan Scheme was established pursuant to the NuPEA Staff Mortgage and Car Loan Regulations, 2018, developed in compliance with the Public Finance Management (PFM) Act. The Fund serves as a vital employee welfare initiative, offering accessible financial

support for a wide range of purposes, including the purchase of residential properties, acquisition of land, home construction, renovations, equity release, takeover of existing mortgages and the purchase of motor vehicles.

Over the reporting period, the Fund continued to operate under a strong governance framework and sound financial management practices. Mechanisms such as the check-off system have ensured timely recoveries, efficient loan administration and prudent utilization of public resources. These controls have been instrumental in maintaining the integrity and sustainability of the Fund.

Beyond financial performance, the Committee has remained committed to staff empowerment through continuous awareness initiatives aimed at enhancing understanding and uptake of the available loan products. This proactive approach has enabled more employees to benefit from the Scheme, contributing to improved staff welfare, motivation and retention.

I take this opportunity to sincerely thank the Board of Directors, the Management Team, members of the Mortgage and Car Loan Advisory Committee and all staff for their unwavering support, collaboration and commitment to the success of this initiative.

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As we look ahead, I remain optimistic that the financial year 2025/2026 will present new opportunities for growth, increased uptake and further enhancement of the Scheme to meet the evolving needs of our staff.

Name.....Eric OHAG.....Signature.....[Handwritten Signature].....Date.....26/11/2025.....

**Chairperson of the Fund**

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**6 Report of the Fund Manager/ Administrator**



The NuPEA Staff Mortgage and Car Loan Regulations, 2018 were formulated in alignment with the provisions of the Public Finance Management (PFM) Act to ensure that the administration of staff loan schemes is both responsible and transparent. The funds supporting these schemes are drawn from the Agency's annual budget as guided by the Salaries and Remuneration Commission (SRC) Circular No. SRC/TS/WB/314 issued in February 2014.

Following the SRC's advisory on prudent utilization of institutional funds, NuPEA developed the 2018 Regulations to provide a structured and accountable framework for managing the Staff Mortgage and Car Loan Scheme. The Regulations outline the operational procedures, eligibility requirements and the terms governing disbursement and repayment of loans. The overarching goal of this fund is to improve the welfare of employees by facilitating access to affordable financing for home ownership and vehicle acquisition. By addressing key personal development needs, the scheme aims to enhance employee morale, motivation and retention, ultimately contributing to organizational performance and stability.

Since its inception, the scheme has made notable progress. Mortgage loans have been approved for twenty (20) beneficiaries, while approximately 95% of NuPEA staff have accessed car loan facilities. The loans are issued at a favorable interest rate of 3% per annum on a monthly reducing balance with the borrower bearing the full interest cost. Repayment terms are capped at twenty (20) years for mortgage loans and five (5) years for car loans or until the staff member's end of employment contract or retirement date, whichever comes first.

However, despite the positive impact, the program continues to face critical challenges particularly in relation to the adequacy of available funds. Demand for the schemes has steadily increased, as evidenced by twenty-two (22) pending mortgage applications. The current financial limitations constrain the Agency's ability to accommodate all eligible staff, thus highlighting the need for ongoing review of the fund's capacity. Strategic adjustments and enhanced resource allocation may be necessary to maintain the long-term viability and effectiveness of these essential employee support initiatives.

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**Financial Performance**

**1. Revenues from Exchange and non-Exchange Transactions**

The NuPEA Staff Mortgage and Car Loan Fund was established during the Financial Year 2017/2018 as part of the Agency's staff welfare and retention strategy. Since its inception, the Fund has steadily grown, becoming a key instrument in supporting employees to access affordable financing for housing and vehicle acquisition.

As at the close of the Financial Year 2024/2025, the revolving Fund had accumulated a total capital base of **Ksh. 317,270,000**. This comprises **Ksh. 244,670,000** allocated to the Mortgage facility and **Ksh. 72,600,000** to the Car Loan facility. The Fund's progressive growth over the past eight (8) years is a testament to the Agency's commitment to long-term financial empowerment of its staff.

However, during the FY 2024/2025, the Fund did not receive additional budgetary allocation due to government-imposed austerity measures affecting non-core expenditure across public institutions. Despite this, the Fund remained operationally active and financially sustainable, generating internal revenue amounting to **Ksh. 2,253,889.59**. This income was derived from the interest earned on loan repayments, demonstrating the self-sustaining nature of the revolving Fund.

The Agency remains committed to ensuring the continued growth and efficient management of the Fund, while exploring opportunities for future allocations to expand its reach and impact among staff members.

**2. Mortgage Loans**

During the period under review, the Agency disbursed mortgage loans totaling **Ksh. 7,000,000**, representing a decline from the **Ksh. 16,500,000** disbursed in the previous financial year (FY 2023/24). This reduction in disbursement was primarily attributed to two key factors.

Firstly, budgetary constraints during the reporting year significantly limited the financial resources available for loan issuance. While the Agency remains committed to the long-term growth and sustainability of the staff loan schemes, the prevailing economic conditions necessitated a more conservative approach to fund allocation. Secondly, the reduced availability of funds resulted in fewer mortgage loans being processed and approved during the year.

Despite these limitations, the Agency upheld a rigorous and transparent loan administration process. All mortgage applications were carefully reviewed by the Staff Mortgage and Car Loan Advisory Committee to ensure strict compliance with the relevant regulations, policies, and internal controls. The disbursement process adhered fully to the principles set forth in the NuPEA Staff Mortgage and Car Loan Regulations, 2018, reinforcing the Agency's commitment to fairness, accountability, and prudent financial management.

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**3. Car Loans**

In the reporting year, the Agency disbursed a total of **Ksh. 24,360,000** in car loans, a substantial increase from the Ksh. 17,460,000 disbursed in the previous financial year. This significant rise is largely attributed to an increased number of applications submitted by staff, many of whom had already cleared their previous car loans.

The Agency continued to uphold high standards in loan administration. Each application received was assessed with due diligence to ensure compliance with the provisions of the NuPEA Staff Mortgage and Car Loan Regulations, 2018 as well as broader public finance and governance requirements.

**4. Cash flows**

As at 30<sup>th</sup> June 2025, the Fund's cash and cash equivalents stood at **Ksh. 82,041,578.10** representing a significant increase from **Ksh. 48,547,833** reported at the close of the previous financial year. This increase is primarily attributable to staff car loan recoveries for the last financial year that have been recognized under the current financial year. This was as a result of the service provider (Stima Sacco) failing to post the loan repayments and related Interest earned in the last financial year.

**5. Fund Management**

The Fund has demonstrated steady growth over the years, underscoring the Agency's commitment to maintaining a robust and sustainable financial support system for its employees. In response to emerging risks and in an effort to safeguard public funds, the Agency has adopted comprehensive risk mitigation measures aimed at enhancing accountability and minimizing financial exposure.

One of the key measures includes the joint collateralization of properties acquired through the Fund. Under this arrangement, ownership of financed properties is secured jointly by the employee, NuPEA and the service provider. This mechanism ensures that both the Agency's and the employee's interests are adequately protected, reinforcing a shared responsibility in loan management and repayment. Additionally, the Agency continues to uphold strict compliance with statutory and regulatory requirements governing the administration of public funds. This includes ensuring timely remittance of loan recoveries and consistent adherence to all applicable legal provisions. These practices not only support the integrity and transparency of the Fund but also contribute to minimizing the risk of financial loss.

The 2024/2025 financial year marked another significant milestone in the Fund's trajectory. Continued institutional support, strong governance and the Agency's employee-focused approach have enabled the Fund to remain responsive to the evolving needs of staff. The provision of affordable financing solutions continues to be a cornerstone of NuPEA's broader employee welfare strategy, enhancing job satisfaction, retention, and organizational loyalty.

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**6. Challenges**

Despite these gains, the Fund has faced notable challenges over the last three financial years. Chief among them is the lack of adequate budgetary allocation to meet the growing demand for mortgage facilities. This constraint stems largely from broader government austerity measures, which have limited the Agency's ability to fully respond to the volume of qualified applicants. Moreover, the rising cost of vehicles in the market has adversely affected the uptake of the car loan facility. In many cases, the current loan limits fall short of market prices, making it difficult for staff to afford vehicles within their entitlement thresholds.

**7. Conclusion**

The Agency remains fully committed to the continued growth and sustainability of the Fund. Through proactive management, enhanced risk controls and a continued focus on employee welfare, NuPEA will ensure that the Fund continues to meet its intended objectives. Looking ahead, the Agency will explore additional strategies to strengthen the Fund's financial base and expand its capacity to serve more staff members effectively. Central to this vision is the recognition that the well-being and financial empowerment of employees are critical drivers of institutional performance and long-term success.

Signed:  \_\_\_\_\_

Date: 26/11/2025.

**CHRP Benedict Njuguna  
FUND ADMINISTRATOR**

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**7 Statement of Performance Against Predetermined Objectives for FY 2024/2025**

**Table 3: Statement of Performance against Predetermined Objectives**

<b>Program</b>	<b>Objective</b>	<b>Output</b>	<b>Output Indicator</b>	<b>Target</b>	<b>Achievement</b>	<b>Performance</b>
Provision of mortgage and car loan facilities to all members of staff.	To ensure all staff have access to mortgage and car loan facilities	Number of mortgage and Car loans successfully processed.	Number of staff issued with Mortgage	2	One staff member benefited from mortgage loan amounting to <b>Ksh. 7,000,000</b> , representing 1% of the workforce utilizing mortgage facilities.	During FY 2024/25, one staff member accessed mortgage facility for the purpose of constructing a house.
				6	Fifteen staff members benefited from car loans amounting to <b>Ksh.24,360,000</b> .	During FY 2024/25, fifteen staff members accessed car loan facilities for the purpose of buying cars.

## **8 Corporate Governance Statement**

The Staff Mortgage and Car Loan Scheme Fund was established in line with the provisions of the Salaries and Remuneration Commission (SRC) Circular No. SRC/TS/WB/314 of 2014 which provided the framework for public institutions to develop and administer employee financial support initiatives within approved budgetary allocations.

In accordance with Regulation 6 of the NuPEA Staff Mortgage and Car Loan Regulations, 2018, the Staff Mortgage and Car Loan Advisory Committee was formally constituted to oversee the governance and administration of the Scheme. The Committee is duly appointed by the Agency's Chief Executive Officer and plays a critical role in ensuring that the Scheme is implemented in a transparent, accountable and effective manner. The Committee's mandate includes, but is not limited to:

### **(i) Appointment of Staff Mortgage and Car Loan Advisory Committee**

The CEO appointed members of the Staff to the Mortgage and Car Loan Advisory Committee to oversee the implementation and administration of the Scheme.

- a) The Committee comprises of seven (7) members of staff constituted from all the Directorates/ Departments.
- b) The Head of the Human Resource and Administration serves as the Secretary to the Committee and undertake the duties listed in Regulations in addition to liaising with the Service Provider.
- c) The Committee shall meet at least on a quarterly basis or when necessary.
- d) The Chief Executive Officer shall appoint from among the Committee's membership a Chairperson.
- e) The Committee members amongst themselves shall appoint a vice Chairperson.
- f) The quorum for a meeting of the Committee shall be 50% + 1 member(s).
- g) The Chairperson shall convene and preside over meetings of the Committee and in the absence of the Chairperson, the Vice Chairperson shall preside over meetings of the Committee.
- h) Decisions of the Committee shall be by simple majority and in the case of a tie, the Chairperson shall have a casting vote.

The Staff Mortgage and Car Loan Advisory Committee is constituted for a renewable term of three (3) years. Secretariat support to the Committee is provided by the Human Resource and Administration Department ensuring continuity, coordination and compliance with administrative

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procedures. The day-to-day administration of the Scheme is carried out under the oversight of the Advisory Committee with operational support from a designated Liaison Officer and accredited Service Providers. This structure ensures efficient processing, monitoring and management of all loan-related activities in line with the NuPEA Staff Mortgage and Car Loan Regulations, 2018.

The Staff Mortgage and Car Loan Advisory Committee plays a critical role in upholding the principles of good governance in the implementation of the Scheme. The following section outlines the Agency's comprehensive corporate governance practices as they relate to the administration and oversight of the Fund.

**(ii) Functions and Responsibilities of the Committee**

The functions and duties of the Staff Mortgage and Car Loan Advisory Committee are as follows:

- a) Develop the budget for the Schemes;
- b) Ensure that the Schemes is funded by undertaking resource mobilization;
- c) Develop/ review regulations for the administration of the Schemes in conjunction with the Service Provider;
- d) Liaise with the Service Provider to establish a revolving fund for the disbursement of the loans;
- e) Supervise the day-to-day running of the Schemes in liaison with the Service Provider and Officer Administering the Fund;
- f) Process applications for loans in conjunction with the Service Provider in accordance with the existing terms and conditions of borrowing;
- g) Review and approve Mortgage and Car Loan applications;
- h) Forward the successful applications with recommendations to the Service Provider for approval;
- i) Identify and credit valuation firms for the purpose of rendering valuation services;
- j) Monitor and evaluate the performance of the fund;
- k) Define competitive criteria to select one or more Service Providers to administer the Scheme on its behalf;
- l) Determine its own procedure for conducting business; and
- m) Perform any other duty that may be assigned to the Committee by the Service Provider and Officer Administering the Fund.

**(iii) Number of Committee Meetings Held**

The current members of the Staff Mortgage and Car Loan Advisory Committee were officially appointed on 19<sup>th</sup> February, 2024 to serve for a renewable term of three (3) years, in accordance with the provisions of the NuPEA Staff Mortgage and Car Loan Regulations, 2018. Subsequent to the appointment, changes in the Committee's composition occurred following the conclusion of Mr. Basset Buyukah's employment contract. To fill the vacancy and ensure continuity in the

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Committee's operations, CS. Serah Esendi, the Director of Legal and Regulatory Services and Corporation Secretary, was appointed as a member of the Committee in July 2024.

During the 2024/2025 financial year, the Committee convened three meetings to undertake its mandate. The key agenda items during these sessions included the review and endorsement of loan applications submitted by staff as well as the examination of periodic performance and financial reports submitted by the Fund Administrator. These meetings were critical in maintaining transparency, accountability, and effective oversight in the management of the Staff Mortgage and Car Loan Scheme.

**(iv) Compliance with Applicable Laws and Regulations**

Throughout the FY 2024/2025, the Fund operated in full compliance with all applicable statutory and regulatory frameworks. Its administration adhered strictly to relevant provisions under public finance management laws, the Salaries and Remuneration Commission guidelines and the NuPEA Staff Mortgage and Car Loan Regulations, 2018. Furthermore, the Fund was managed in line with the principles of good corporate governance, ensuring transparency, accountability, and integrity in its operations.

**(v) Internal Control Framework**

The Fund maintains a robust internal control framework that is regularly reviewed and strengthened to ensure the continued integrity and effectiveness of its financial and operational systems. This proactive approach enables the Fund to identify potential risks early, enforce compliance, and safeguard public resources while promoting sound financial management practices.

**(vi) Management Oversight**

The Fund's Management Team meets regularly to assess progress against set objectives, review action plans, and ensure alignment with the Agency's strategic goals. These routine engagements support timely decision-making, reinforce accountability, and promote operational efficiency in the implementation of the Staff Mortgage and Car Loan Scheme.

**(vii) Fund Administration and Committee Remuneration**

The administration of the Fund is carried out by designated staff members and the Advisory Committee, all of whom are salaried employees of the Agency. In line with public sector remuneration policies, no additional compensation or allowances are paid for the management of the Fund. This approach ensures cost-efficiency and reflects the Agency's commitment to prudent utilization of resources.

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## **9 Management Discussion and Analysis**

The Fund has demonstrated steady growth over the years, underscoring the Agency's continued commitment to supporting staff welfare while upholding the highest standards of financial integrity. To safeguard against the loss of public resources, the Agency has instituted a range of risk mitigation measures aimed at enhancing transparency, accountability and operational efficiency.

A key safeguard includes the joint registration of properties financed through the Scheme, wherein ownership is secured in the names of both the employee and NuPEA. This measure ensures that the Agency's financial interests are adequately protected and promotes responsible borrowing. Additionally, the Agency remains fully compliant with all statutory and regulatory obligations governing the administration of the Fund, including the timely remittance of loan recoveries and adherence to sound governance practices in the Fund's day-to-day operations.

In the FY 2024/2025, the Agency approved and disbursed a total of **Ksh. 31,360,000** under the Scheme, comprising **Ksh. 7,000,000** in mortgage loans and **Ksh. 24,360,000** in car loans. These disbursements reflect the Agency's ongoing dedication to providing accessible and affordable financial solutions that empower staff to achieve key personal milestones such as home and vehicle ownership.

### **Financial Performance**

#### **Revenues and Expenses.**

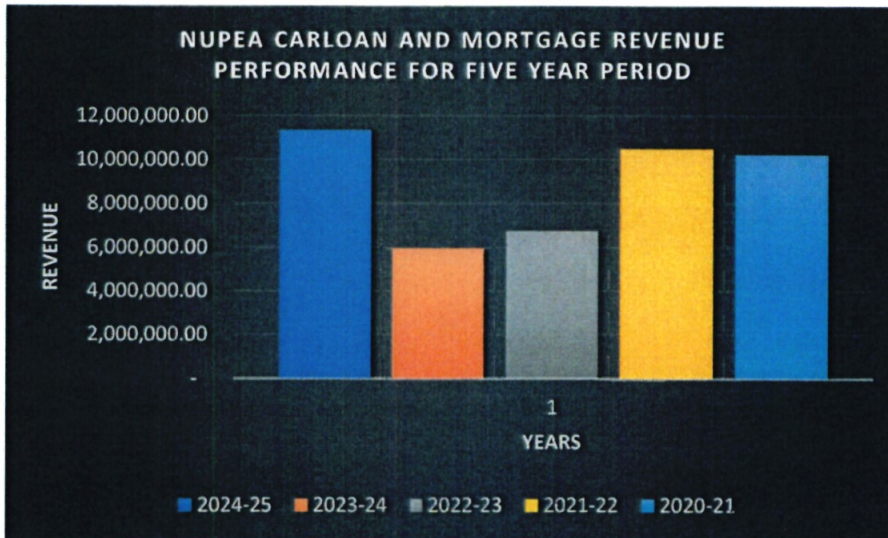
During the Financial Year 2024/2025, the Fund did not receive a budgetary allocation from the Agency. Nonetheless, it continued to generate income primarily from interest charged on disbursed loans. Over the past five years, the Fund has generally experienced a positive trajectory in revenue growth, attributed to consistent loan uptake and timely repayments. However, this trend was interrupted over the last three financial years during which a decline in income was recorded.

In the Financial Year 2024/2025, interest income rose significantly to **Ksh. 11,341,209**, up from **Ksh. 5,958,116** recorded in FY 2023/2024. This notable increase is primarily attributable to a higher volume of new loan disbursements during the period.

Total expenses for the financial year 2024/2025 amounted to **Ksh. 9,866,474**. Of this amount, **Ksh. 9,451,016** was incurred as fund administration fees, calculated at 2.5% of the interest earned. In addition, **Ksh. 348,000** was incurred as audit fees, while **Ksh. 67,457** was paid as withholding tax. These expenses reflect an increase compared to the previous financial year. The financial performance of the Fund over the last five years is summarized in the comparative analysis below, highlighting trends in revenue generation and offering insights into the Fund's financial sustainability and growth potential.

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**Figure 1: Revenues and Expenses**



*Figure 1: Comparative Analysis of Revenue for the last five years*

**Cashflows**

The Cash and Cash Equivalents increased from **Ksh. 48,547,833** in the FY 2023/2024 to **Ksh. 82,041,578** in the FY 2024/2025. This was occasioned by increase in uptake of staff carloan and revenues and loan repayments relating to the FY 2023/24 that was not reported in that year.

**Comparative Analysis on Loan Disbursement**

Comparative analysis of Loan disbursement in the last five (5) years is as indicated. There was significant reduction in the amounts of loans disbursed due to lack of funds from the NuPEA.

**Detailed Comparative Analysis.**

Financial year 2020-21: This was the best year for the fund as **Kshs. 122,800,536** was disbursed representing 264% increase. This was also attributed to enhanced funding.

Financial Year 2021-22: The funds experienced a decline in disbursement resulting to total loans disbursement of **Ksh. 72,602,646**. This represented a 40.9% decrease.

Financial Year 2022-23: A further decrease in disbursement of 29.8% was experienced resulting to total loan disbursement of **Kshs. 50,931,995**

Financial Year 2023-24: The fund reported the lowest performance in fund disbursement whereby only **Ksh. 19,500,000** was disbursed. The performance is attributed to luck of external funding to the Fund for the last two financial years.

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Financial Year 2024-25: The fund reported a slight improvement in disbursement mostly from car loan. A total of Ksh. 31,360,000 was disbursed representing a 60% increase in disbursement relative to the previous year.

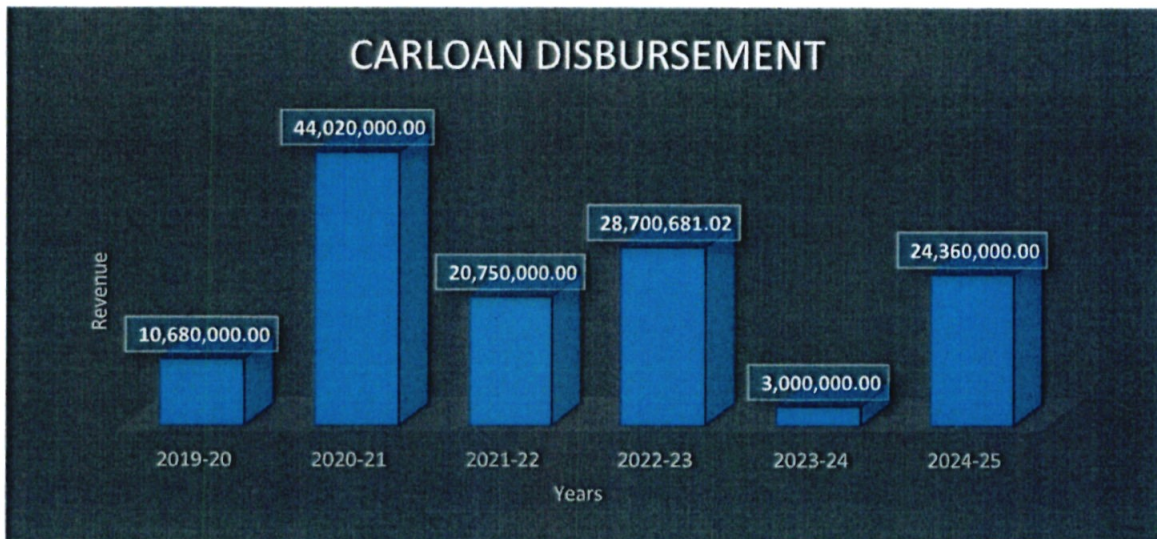
***Figure 2: Mortgage Disbursement***



*Figure 2: Mortgage Comparative analysis of Loan disbursement in the last five (5) years.*

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**Figure 3: Car Loan Disbursement**



*Figure 3: Car Loan Comparative analysis of Loan disbursement in the last five (5) years.*

**Conclusion**

The Staff Mortgage and Car Loan Fund continues to be a vital tool in advancing the welfare and financial stability of NuPEA employees. Over the years, the Fund has had a tangible and positive impact on staff livelihoods by enabling access to affordable financing for home ownership and personal transportation. This, in turn, has contributed to increased employee motivation, satisfaction, and overall productivity within the Agency.

As the demand for mortgage financing among staff continues to grow, it is hoped that the Agency will prioritize enhanced budgetary allocation to the Fund in the upcoming financial year. Increased funding would enable more staff members to benefit from mortgage disbursements, aligning with the Agency's broader commitment to employee empowerment and well-being. Sustaining and expanding this initiative will not only support individual staff aspirations but also strengthen institutional cohesion and retention in the long term.

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**10 Environmental and Sustainability Reporting**

As part of the Agency's commitment to environmental sustainability and responsible resource utilization, staff acquiring mortgages are encouraged to invest in properties that comply with climate-friendly standards and incorporate energy-efficient features. This aligns with the broader government agenda on green building practices and sustainable development.

Similarly, under the provisions of the Staff Car Loan Regulations, vehicles acquired through the scheme must be less than eight years old to ensure roadworthiness, cost-efficiency and environmental responsibility. Looking ahead, staff are further encouraged to consider acquiring eco-friendly vehicles, such as hybrids or electric models, as part of the Agency's efforts to promote a greener and more sustainable future.

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**11 Report of Staff Mortgage and Car Loan Advisory Committee**

The Staff Mortgage and Car Loan Advisory Committee hereby submits its annual report, accompanied by the audited financial statements for the year ended 30<sup>th</sup> June, 2025. The report provides a comprehensive overview of the Fund's financial position and operational performance, demonstrating continued compliance with regulatory requirements, sound fund management practices and the Agency's strategic objectives in supporting staff welfare.

**Principal Activities**

The core mandate of the Fund is to provide financial assistance to staff through two key facilities: mortgage loans and car loans. The mortgage facility supports staff in the acquisition of residential properties, undertaking equity release, and financing the construction of homes. The car loan facility enables eligible staff to purchase motor vehicles in accordance with the provisions of the NuPEA Staff Mortgage and Car Loan Regulations, 2018.

**Fund Performance**

The financial and operational performance of the Fund for the year ended 30<sup>th</sup> June, 2025 is detailed in the accompanying financial statements and notes, presented on pages 1 to 6. The report outlines key metrics including income generated, loan disbursements, recoveries and administrative expenditures, providing a comprehensive view of the Fund's overall performance and sustainability.

**Auditors**

The statutory audit of the Fund is conducted by the Office of the Auditor-General in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015. The Auditor-General is responsible for expressing an independent opinion on the financial statements and ensuring that public resources are utilized lawfully and effectively.

**By Order of the Committee**

Signature:  .....

Date: 26/11/2025 .....

**Eng. Erick Ohaga**  
**Chair of the Administrative Committee**

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**12 Statement of Management's Responsibilities**

The Administrator of the NuPEA Staff Mortgage and Car Loan Fund bears the ultimate responsibility for the preparation and fair presentation of the Fund's financial statements for the year ended 30<sup>th</sup> June, 2025. These financial statements are intended to reflect, with accuracy and integrity, the financial position and performance of the Fund as at the end of the reporting period.

In fulfilling this responsibility, the Administrator is tasked with:

1. Establishing and maintaining sound financial management arrangements, and ensuring their effectiveness throughout the financial year;
2. Maintaining proper and comprehensive accounting records, which disclose with reasonable accuracy the financial position of the Fund at any given time;
3. Designing, implementing, and maintaining robust internal controls relevant to the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
4. Safeguarding the Fund's assets to prevent misuse, loss, or unauthorized access;
5. Selecting and consistently applying appropriate accounting policies, and
6. Making reasonable and prudent accounting estimates, based on the prevailing circumstances.

The Administrator affirms that the financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner prescribed by the Public Finance Management (PFM) Act, 2012 and the NuPEA Staff Mortgage and Car Loan Regulations, 2018. The financial statements are based on sound accounting policies, supported by informed judgements and estimates and fairly reflect the financial activities and position of the Fund during and as at the end of the financial year.

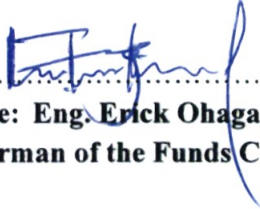
Furthermore, the Administrator confirms the completeness and integrity of the accounting records that form the basis of the financial statements. The adequacy of the internal control systems has also been evaluated and found sufficient to support the preparation of reliable financial reports and safeguard public resources under the Fund.

In preparing the financial statements, the Administrator has conducted an assessment of the Fund's ability to continue as a going concern. Based on this assessment, and to the best of the Administrator's knowledge, there are no material uncertainties or circumstances that would cast significant doubt on the Fund's ability to meet its obligations and continue its operations over the next twelve months from the date of this statement.

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**Approval of the financial statements**

The Fund's financial statements were approved by the Staff Mortgage and Car Loan Advisory Committee on 26<sup>th</sup> Nov 2025 and signed on its behalf by:



.....  
**Name: Eng. Erick Ohaga**  
**Chairman of the Funds Committee**



.....  
**Name: CHRP Benedict Njuguna**  
**Fund Administrator**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NUCLEAR POWER AND ENERGY AGENCY (NUPEA) STAFF CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE 2025

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### PREAMBLE

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified of Opinion

I have audited the accompanying financial statements of Nuclear Power and Energy Agency (NuPEA) Staff Car Loan and Mortgage Scheme Fund set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets and statement of cash flows 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.

---

*Report of the Auditor-General on Nuclear Power and Energy Agency Staff Car Loan and Mortgage Fund for the year ended 30 June, 2025*

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nuclear Power and Energy Agency Staff Car Loan and Mortgage Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012.

## **Basis for Qualified of Opinion**

### **1. Inaccuracies of the Staff Mortgage/Loan Receivables**

The statement of financial position reflects staff mortgage/car loan balance of Kshs.246,063,269 as disclosed in Note 9 to the financial statements. Comparison between the previous year and year under review revealed that the receivables reduced by Kshs.21,966,863 and Kshs.9,302,994 in respect to car loan and mortgage respectively. However, re-computation of the monthly repayments of individual loans revealed Kshs.45,539,378 and Kshs.193,048,448 resulting in an unexplained variances of Kshs.4,227,009 and Kshs.11,702,451 relating to car loan and mortgage respectively. The supporting documents to show the movement was not provided for audit review.

In addition, review of the disclosures in the financial statements revealed that two (2) mortgage loans were issued to two members of staff by a local commercial bank with an outstanding balance of Kshs.37,254,756 as at 30 June, 2025. The two staff members had exited service and the mortgage facilities were still outstanding.

In the circumstance, the accuracy, completeness, existence and occurrence of the staff mortgage/car loan balance of Kshs.246,063,269 could not be confirmed.

### **2. Unsupported Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.82,041,578 as disclosed in Note 8 to the financial statements. However, confirmation of bank balance certificate, bank reconciliation statements, and bank statements for the account with a balance of Kshs.9,715,780 were not provided for audit verification.

In the circumstances, the accuracy, completeness, and existence of the cash and cash equivalents balance of Kshs.9,715,780 could not be confirmed.

### **3. Unsupported Outstanding Balances**

Review of disclose Note 9 to the financial statements revealed that mortgage loans issued by a commercial bank of Kshs.37,254,756 were transferred to the Scheme Administrator during the financial year 2021/2022. The transfer has not been finalized to date and has not been captured as received or as a receivable and were said to be on-transit from the bank to the Scheme Administrator. Review of the financial statements revealed that the revenue and expenditure did not include any balances from the bank. Instead, an amount

of Kshs.31,219 is noted as an increase from the bank balance held in the previous year. Management indicated that no documentation was received from the Fund manager at the bank.

In the circumstances, the accuracy, existence and occurrence of the outstanding balance of loans of Kshs.37,254,756 could not be confirmed.

#### **4. Unsupported Fund Management Costs**

The statement of financial performance reflects fund management costs of Kshs.9,866,474 as disclosed in Note 7 to the financial statements. Even though the contracted percentage of these costs is 2.5%, there were no detailed schedules or calculations provided on how these costs were arrived at for review.

In the circumstances, the accuracy, and completeness of the fund management costs balance of Kshs.9,866,474 could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Information**

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

In connection with my audit on the Fund's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

As required by Nuclear Power and Energy Agency (NuPEA) Staff Mortgage and Car Loan Regulations, 2018, I report, based on my audit, that:

- i. 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.

- ii. Adequate accounting records have been kept by the Fund, so far as appears from the examination of those records; and,
- iii. The Fund's financial statements are in agreement with the accounting records and returns.

### **Basis for Conclusion**

The Nuclear Power and Energy Agency (NuPEA) Staff Mortgage and Car Loan Regulations, 2018 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Fund's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

**Nairobi**

**19 December, 2025**

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**14 Statement of Financial Performance for the Year Ended 30<sup>th</sup> June, 2025**


Description	Note	2024-25 Kshs.	2023-24 Kshs.
<b>Revenues from Exchange transactions.</b>			
Interest received (3%)	6	11,341,209	5,958,117
Other income(Interest on saving deposit)	6(a)	749,154	1,035,264
<b>Total Revenues</b>		<b>12,090,363</b>	<b>6,993,380</b>
<b>Expenses</b>			
Fund Management Costs	7	9,866,474	4,911,907
<b>Total Expenses</b>		<b>9,866,474</b>	<b>4,911,907</b>
<b>Surplus</b>		<b>2,223,889</b>	<b>2,081,474</b>

The notes set out on pages 5 to 18 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Staff Mortgage and Car Loan Advisory Committee by:

  
.....  
Name: Eng. Erick Ohaga

Chairperson of the Funds  
Committee

  
.....  
Name: **CHRP Benedict Njuguna**

Fund Administrator

  
.....  
Name: CPA Naftaly Gitongah

Fund Accountant

ICPAK M/No.8600


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**15 Statement of Financial Position as at 30<sup>th</sup> June, 2025**


	Notes	FY2024- 2025	FY2023- 2024
Assets		Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	8	82,041,578	48,547,833
<b>Total Current Assets</b>		<b>82,041,578</b>	<b>48,547,833</b>
<b>Non-current assets</b>			
Staff Mortgage/ Car Loan Receivables	9	246,063,269	277,333,125
<b>Total non - current assets</b>		<b>246,063,269</b>	<b>277,333,125</b>
<b>Total assets</b>		<b>328,104,847</b>	<b>325,880,958</b>
<b>Net assets</b>			
Car loan Revolving Fund		72,600,000	72,600,000
Mortgage Revolving Fund		244,670,000	244,670,000
Accumulated surplus		10,834,847	8,610,958
<b>Total net assets</b>		<b>328,104,847</b>	<b>325,880,958</b>
<b>Total net assets and liabilities</b>		<b>328,104,847</b>	<b>325,880,958</b>

  
Name: Eng. Erick Ohaga

Chairperson of the Funds  
Committee

  
Name: ChRP Benedict  
Njuguna

Fund Administrator

  
Name: CPA Naftaly Gitonga

Fund Accountant

ICPAK M/No.8600

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**16 Statement of Changes in Net Assets for the Year Ended 30<sup>th</sup> June, 2025**

<b>Description</b>	<b>Mortgage Fund</b>	<b>Car Loan Fund</b>	<b>Accumulated surplus</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>As at 1 July, 2022</b>	<b>209,670,000</b>	<b>77,600,000</b>	<b>5,268,327</b>	<b>292,538,327</b>
Surplus for the period		-	1,261,156	1,261,156
Funds received during the year	30,000,000	-	-	30,000,000
<b>As at 30 June 2023</b>	<b>239,670,000</b>	<b>77,600,000</b>	<b>6,529,484</b>	<b>323,799,484</b>
<b>As at 1 July, 2023</b>	<b>239,670,000</b>	<b>77,600,000</b>	<b>6,529,484</b>	<b>323,799,484</b>
Surplus for the period		-	2,081,473	2,081,473
Funds withdrawn during the year		(5,000,000)		(5,000,000)
Funds received during the year	5,000,000	-	-	5,000,000
<b>As at 30 June 2024</b>	<b>244,670,000</b>	<b>72,600,000</b>	<b>8,610,957</b>	<b>325,880,957</b>
<b>As at 1 July, 2024</b>	<b>244,670,000</b>	<b>72,600,000</b>	<b>8,610,958</b>	<b>325,880,958</b>
Surplus for the period	-	-	2,223,889	<b>2,223,889</b>
<b>As at 30 June 2025</b>	<b>244,670,000</b>	<b>72,600,000</b>	<b>10,834,847</b>	<b>328,104,847</b>

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**17 Statement of Cash flows for the Year Ended 30 June, 2025**

	Notes	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest Income@ 0.5%	6(b)	1,890,201	5,958,117
Interest on Savings Deposit.	6(a)	749,154	1,035,264
<b>Total Receipts</b>		<b>2,639,356</b>	<b>6,993,380</b>
<b>Payments</b>			
Administration Expenses	7	37,457	4,911,907
<b>Audit Fee</b>	7	348,000	
<b>Total Payment</b>		<b>385,457</b>	<b>4,911,907</b>
<b>Net cash flows from operating activities</b>		<b>2,253,898</b>	<b>2,081,475</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments-mortgage		16,272,984	5,707,934
Loan disbursements paid out-Mortgage		(7,000,000)	(16,520,341)
Proceeds from loan principal repayments-Car Loan		46,326,862	9,907,176
Loan disbursements paid out-Car loan		(24,360,000)	(3,000,000)
<b>Net cash flows used in investing activities</b>		<b>31,239,846</b>	<b>(3,905,230)</b>
<b>Net cash flows used in financing activities</b>		-	-
Net increase/(decrease) in cash and cash equivalents		33,493,745	(1,823,755)
<b>Cash and cash equivalents at 1 July</b>		<b>48,547,833</b>	<b>50,371,588</b>

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	Notes	FY 2024-2025	FY 2023-2024
<b>Cash and cash equivalents at 30 June</b>		<b>82,041,578</b>	<b>48,547,833</b>

**18 Notes to the Financial Statements**

**1. General Information**

The Nuclear Power and Energy Agency Mortgage and Car loan funds are established by and derives its authority and accountability from the Nuclear Power and Energy Agency Mortgage and Carloan Regulations 2018. The Fund is wholly owned by the Nuclear Power and Energy Agency and is domiciled in Kenya. The Fund's principal activity is to disburse staff mortgages and car loans.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Nuclear Power and Energy Agency staff mortgage and car loan funds. The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act, the State Corporations Act, Energy Act 2019 and International Public Sector Accounting Standards (IPSAS) (Accrual Basis). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

There are no new standards effective in the FY.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30<sup>th</sup> June 2025.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> January 2025</i>  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

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Standard	Effective date and impact:
	<p>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 cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized 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>There is no impact of the standard to the mortgage and car loan funds financial statements</p>

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<b>Standard</b>	<b>Effective date and impact:</b>
<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>
<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

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Standard	Effective date and impact:
	There is no impact of the standard to the mortgage and car loan funds financial statements
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p>There is no impact of the standard to the mortgage and car loan funds financial statements.</p>

*iii. Early adoption of standards*

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

**Notes to the Financial Statements (Continued)**

**4. Significant Accounting Policies**

**a) Revenue Recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget Information**

The original budget for FY 2024-2025 was approved in June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the fund upon receiving the respective approvals in order to conclude the final budget.

The fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis

**Notes to the Financial Statements (Continued)**

and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

**c) Property, Plant and Equipment (PPE)**

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

**d) Intangible Assets**

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

**e) Investment property**

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

**Notes to the Financial Statements (Continued)**

*fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition

**f) Financial instruments**

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

**I. Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

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**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**II. Financial liabilities**

**Classification**

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

**Notes to the Financial Statements (Continued)**

**g) Contingent liabilities**

The Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**h) Contingent assets**

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**i) Nature and purpose of reserves**

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

**j) Changes in accounting policies and estimates**

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

**k) Foreign currency transactions**

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

**l) Related parties**

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

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to

**Notes to the Financial Statements (Continued)**

known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**n) Comparative figures**

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

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

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

**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

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**6. Interest Income (3%)**

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Interest Income from Mortgage	8,410,952	4,277,793
Interest income from Car Loans	2,930,256	1,680,323
<b>Total Interest Income</b>	<b>11,341,209</b>	<b>5,958,116</b>

**6(a). Other Income**

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Interest on Deposits savings		
Mortgage	511,832	806,972
Car loan.	237,321	228,291
<b>Total other incomes</b>	<b>749,154</b>	<b>1,035,263</b>

**6(b) Interest Income (0.5%)**

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Interest on Deposits savings		
Mortgage	1,401,825	821,521
Car loan.	488,376	287,067
<b>Total</b>	<b>1,890,201</b>	<b>1,108,588</b>

**7. Fund Management Costs**

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
<b>Fund management fee @ 2.5%</b>		
Mortgage	7,009,126	3,456,272
Car loan	2,471,889	1,393,256
Audit fee.	348,000	
Withholding tax	37,458	62,378
<b>Total fund management costs</b>	<b>9,866,474</b>	<b>4,911,906</b>

**8. Cash and Cash Equivalents**

Description	FY 2024-2025	FY 2023-2024
	KShs.	KShs.
Current account(Mortgage/Car loan)	82,041,578	48,547,833

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<b>Total cash and cash equivalents</b>	<b>82,041,578</b>	<b>48,547,833</b>
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**8(a) Detailed Analysis of Cash and Cash Equivalents**

<b>Financial Institution</b>	<b>Account number</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
		<b>Kshs</b>	<b>Kshs.</b>
<b>a) Current Account</b>			
Stima DT Sacco Society Ltd(Car Loan)	801003718501	34,096,269	11,794,795
Stima DT Sacco Society Ltd(Mortgage)	801003718502	38,229,529	27,068,478
Development Bank of Kenya	201402001	9,715,780	9,684,561
<b>Total cash and cash equivalents</b>		<b>82,041,598</b>	<b>48,547,833</b>

**9. Receivables from Exchange Transactions**

<b>Description</b>	<b>FY 2024/25</b>	<b>FY 2023/24</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Car loan	41,312,369	63,279,232
Mortgage	204,750,899	214,053,893
<b>Total Non- Current Receivables</b>	<b>246,063,269</b>	<b>277,333,125</b>

**Note.**

Two mortgage loans issued by Development Bank of Kenya with an outstanding balance of **Ksh. 37,254,756** were transferred to Stima Sacco Mortgage Scheme in the FY 2021/22 but the transfer process has not been finalized and hence the amount has not been included in the Stima Sacco receivable for the FY 2022/23, 2023/24 and 2024/25.

**10. Cash Generated from Operations**

<b>Description</b>	<b>FY 2024/25</b>	<b>FY 2023/24</b>
	<b>Ksh.</b>	<b>Ksh.</b>
<b>Surplus for the year before tax</b>	<b>2,223,889</b>	<b>2,081,474</b>
<b>Net cash flow from operating activities</b>	<b>2,223,889</b>	<b>2,081,474</b>

**11. Financial Risk Management**

**i) Credit Risk**

The carrying amount of financial assets recorded in the financial statements representing the fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows;

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Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions-Car loans and mortgages	277,333,125	240,078,369	37,254,756	-
Bank Balances	48,547,833	-	-	-
<b>Total</b>	<b>325,880,958</b>	<b>240,078,369</b>	<b>37,254,756</b>	<b>-</b>
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions- Car loans and mortgages	246,063,269	191,160,459	54,902,810	-
Bank Balances	82,041,578	-	-	-
<b>Total</b>	<b>328,362,292</b>	<b>191,160,459</b>	<b>54,902,810</b>	<b>-</b>

Past due relate to **Ksh 37,254,756** receivables released from Development Bank of Kenya in June 2022 to Stima Sacco, however the transfer has not been completed. The balance of **Ksh. 17,648,054** relate to a loan that is still at Development Bank of Kenya but not fully performing.

**ii) Liquidity Risk**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have 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.

**iii) Market risk**

The Fund 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 optimizing the return. Overall responsibility for managing market risk rests with Mortgage and Car Loan Advisory Committee.

The Fund has no exposure to market risks or the manner in which it manages and measures the risk since the Fund does not trade in foreign currency nor does it hold financial instruments in foreign currency.

**Notes to the Financial Statements (Continued)**

**iv) Capital Risk**

The objective of the entity's capital risk management is to safeguard the Funds ability to continue as a going concern.

**12. Related Parties Disclosure.**

**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.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Fund*, holding 100% of the *Fund* 's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

**Other related parties include:**

1. Nuclear Power and Energy Agency
2. The Ministry of Energy and Petroleum
3. Key management.
4. Board of directors.

The Agency did not make any sale to related parties or incur expenses on behalf of related parties.

**13. Events after the Reporting Period**

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

**14. Ultimate and Holding Entity**

The staff mortgage and car loan funds are under the Nuclear Power and Energy Agency which is state corporation under the Ministry of Energy. Its ultimate parent is the Government of Kenya.

**15. Currency**

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