

REPUBLIC OF KENYA



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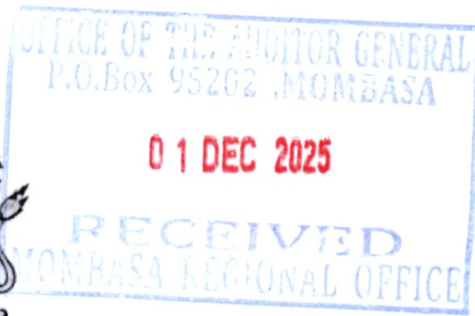
**THE AUDITOR-GENERAL**

ON

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND -  
LUNGALUNGA CONSTITUENCY**

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

THE NATIONAL ASSEMBLY PAPERS LA	
DATE: 17 FEB 2026	DAY: TUESDAY
TABLED BY:	DEPUTY MAJORITY LEADER
CLERK-AT THE-TABLE:	FINLAY



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

LUNGALUNGA CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> JUNE 2025

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Transitional Financial Statements Under International Public Sector Accounting Standards  
(IPSAS)

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## **1. Acronyms and Definition of Key Terms**

### **A. Acronyms**

AIE	Authority to Incur Expenditure
AC	Audit Committee
DCC	Deputy County Commissioner
IPSAS	International Public Sector Accounting Standards.
FAM	Fund Account Manager
NG-CDFB	National Government Constituencies Development Fund Board
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituency Development Fund Committee
NSCA	National Sub-County Accountant
PFM	Public Finance Management
PMCs	Project Management Committees
PWD	Persons with Disability
FY	Financial Year

### **B. Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the NG-CDF Lungalunga.

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

## **2. Key Constituency Information and Management**

### **(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 (amended 2023). The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At the cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the Fund's general policy and strategic direction.

### **Mandate**

The mandate of the Fund as derived from sec (3) of the NG-CDF Act, 2015, is to:

- a) Recognize the constituency as a platform for the identification, performance, and implementation of national government functions.
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6 (3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and protection of the marginalized pursuant to Article 10(2)(b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10(2)(d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21(2) of the Constitution for the progressive realisation of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to exercise oversight over the performance of exclusive national government functions at the constituency level as provided for under Article 95 of the Constitution;

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- h) Authorize withdrawal of money from the Consolidated Fund as provided under Article 206(2)(c) of the Constitution;
- i) Provide mechanisms for supplementing infrastructure development at the constituency level in matters falling within the exclusive functions of the national government at that level in accordance with the Constitution;
- j) Provide a framework for citizens-led development to assist the national government in planning and prioritizing the use of its resources;
- k) Create a harmonious relationship between citizens and the national government and its officers in local development;
- l) Provide a platform for citizens' participation in service delivery;
- m) Build local accountability and transparency in the use of resources; and
- n) Provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201(b)(iii) of the Constitution.

**Vision**

Equitable Socio-economic development countrywide.

**Mission**

To provide leadership and policy direction for effective and efficient management of the Fund.

**Core Values**

1. Transparency and Accountability
2. Professionalism and Integrity
3. Commitment and Teamwork
4. Neutrality and Objectivity
5. Timeliness and Excellence
6. Advocacy for Citizen Participation

### **Functions of NG-CDF Committee**

The functions of the NG-CDF Committee are outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

#### **(b) Key Management**

The NGCDF Lungalunga Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

#### **Fiduciary Management**

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:

No	Designation	Name
1.	AIE holder	Davis Mwasambu Pole
2.	National Sub-County Accountant	Peter Kamande
3.	Chairman NGCDFC	Abdulmalik Said Mwalimu
4.	Member NGCDFC	Tima Mlongo
5.	Member NG CDFC	Selina Santo

#### **(c) Fiduciary Oversight Arrangements**

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF Lungalunga Constituency. The reports and recommendations of the Audit Committee, when adopted by the NGCDF Board, are forwarded to the Constituency Committee for action. The Board forwards any matters that require policy guidance to the Cabinet Secretary and National Assembly Select Committee.

**(d) NGCDF Lungalunga Constituency Headquarters**

P.O. Box 336-80400  
Opposite Kanana Petro Filing Station  
Off Ukunda Lungalunga Highway  
KENYA

**(e) NGCDF Lungalunga Constituency Contacts**

Telephone: (254) 717822831  
E-mail: [cdflungalunga@ngcdf.go.ke](mailto:cdflungalunga@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(f) NGCDF Lungalunga Constituency Bankers**

1. Bank A. (Operations Account).  
Cooperative Bank (A/C NO 01141195733400)  
Ukunda Branch  
P.O. Box 11029  
Ukunda
2. Bank B. (Deposit account).  
Family Bank (A/C NO 091000018334)  
Ukunda Branch  
P.O. Box  
Ukunda
3. Bank C. (PMC Accounts) ( Cooperative bank – Ukunda Branch, Equity Bank  
Ukunda Branch, Family Bank – Ukunda Branch, KCB Bank- Ukunda Branch



**(g) Independent Auditor**

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

**(h) Principal Legal Adviser**




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

### 3. NGCDF Committee

Name	Details
<p>Chairman – <b>Abdulmalik Saidi Mwalimu</b></p> 	<p><b>Date of Birth:</b> 14.04.1991</p> <p><b>Academic Qualification:</b> Diploma in Business Administration</p> <p><b>Professional Qualification:</b> Business man</p> <p><b>Work experience:</b> He is serving his second term as the chairperson of NG-CDF Lungalunga Committee</p>
<p>Secretary - <b>Thomas Chaniro</b></p> 	<p><b>Date of Birth:</b> 15.01.1990</p> <p><b>Academic Qualification:</b> KCSE</p> <p><b>Professional Qualification:</b> Pastor</p> <p><b>Work experience:</b> Serving his first term in NG-CDF Lungalunga Committee as the secretary</p>

<p>Member 4 – <b>Beatrice Wavinya Mbindyo</b></p>	<p><b>Date of Birth:</b> 15.10.1976</p> <p><b>Academic Qualification:</b> KCPE</p>
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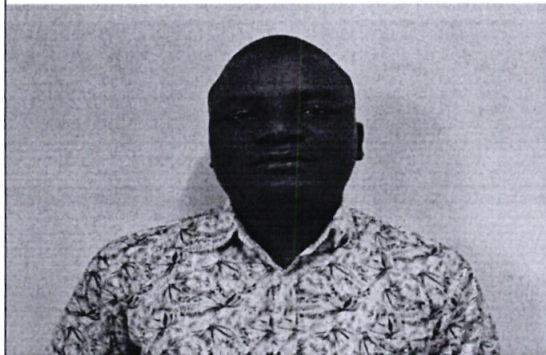
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	<p><b>Professional Qualification:</b> Social worker <b>Work experience:</b> She is serving her second term in the NG-CDF Lungalunga Committee</p>
<p>Member 5 – <b>Sabastian Kombeti Jeremiah</b></p> 	<p><b>Date of birth:</b> 01.01. 1984 <b>Academic qualification:</b> KCPE <b>Professional qualification:</b> Driver <b>Work experience</b> He is serving his second term in the NG-CDF Lungalunga Committee</p>
<p>Member 6- <b>Selina Santo Nambula</b></p> 	<p><b>Date of Birth:</b> 24.12.1987 <b>Academic Qualification:</b> KCPE <b>Professional Qualification:</b> Business lady <b>Work experience:</b> She is serving her second term in the NG-CDF Lungalunga Committee</p>
<p>Member 7 – <b>Tima Mlongo Nyawa</b></p>	<p><b>Date of Birth:</b> 26.06.1993</p>



**Academic Qualification:** KCSE  
**Professional Qualification:** Business lady  
**Work experience:** She is serving her term in the NG-CDF Lungalunga Committee

Fund Account Manager- **Davis Mwasambu Pole**



**Date of birth:** 02.06.1990  
**Academic qualification:** Bachelors of Commerce Degree Accounting Option  
**Professional qualification:** Certified Public Accountant of Kenya registered with ICPAK member No. 27557  
**Work experience:** Working with the NGCDFB as the Fund Account Manager for a period of three (3) years

#### **4. NG-CDFC Chairman's Report**



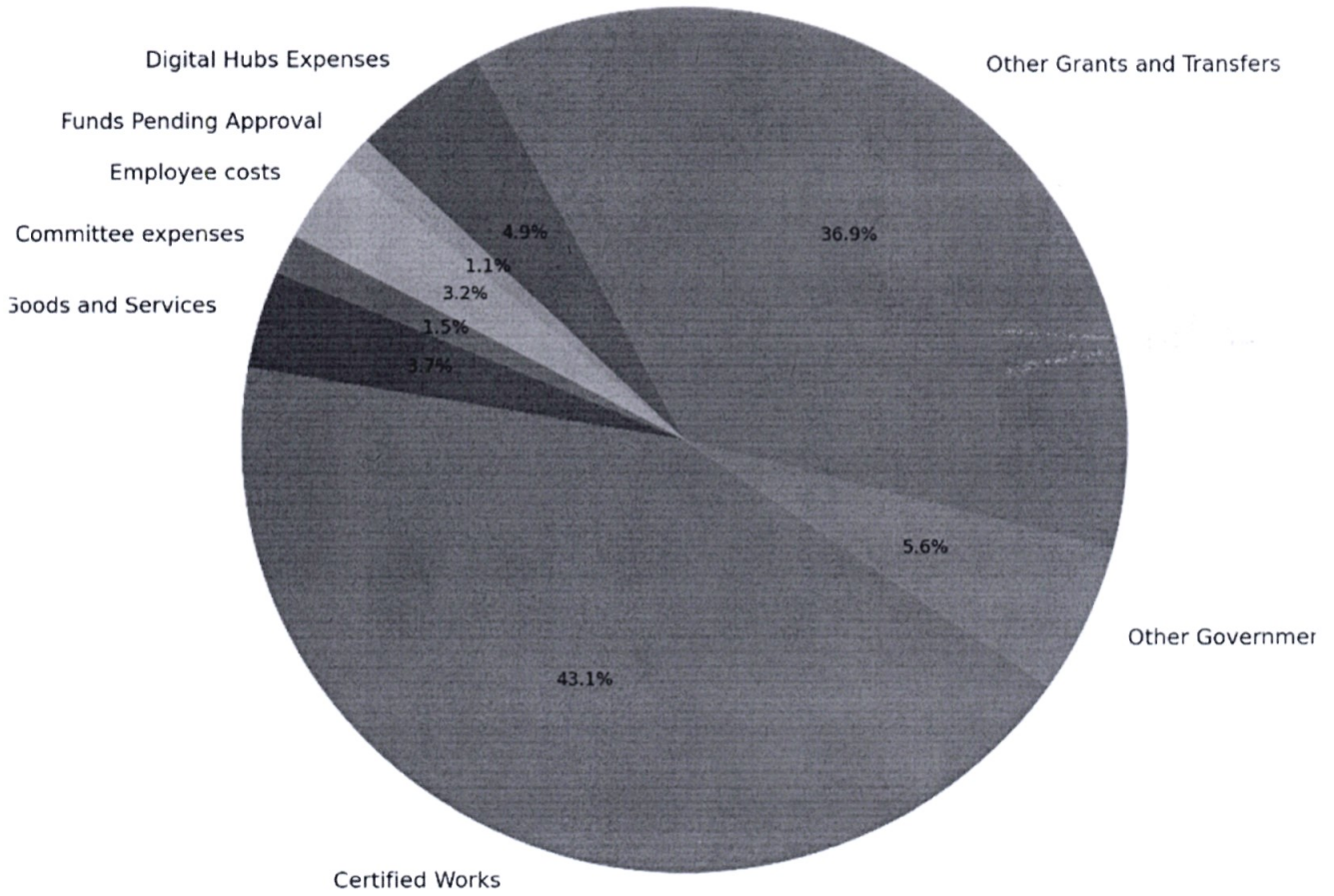
Lungalunga constituents have continuously participated effectively in cascading the objectives of the National Development Plan. They are aware of their rights and the power bestowed on them by the constitution of Kenya (2010) in relation to implementation of all the development programmes within the constituency. The constitution of Kenya gives the right to participate in public forums in order to air their opinions as well as grievances through public participation. They too get an opportunity to give feedback in relation to the already implemented programmes carried out with fairness, transparency, openness and accountability.

##### **Financial year budget**

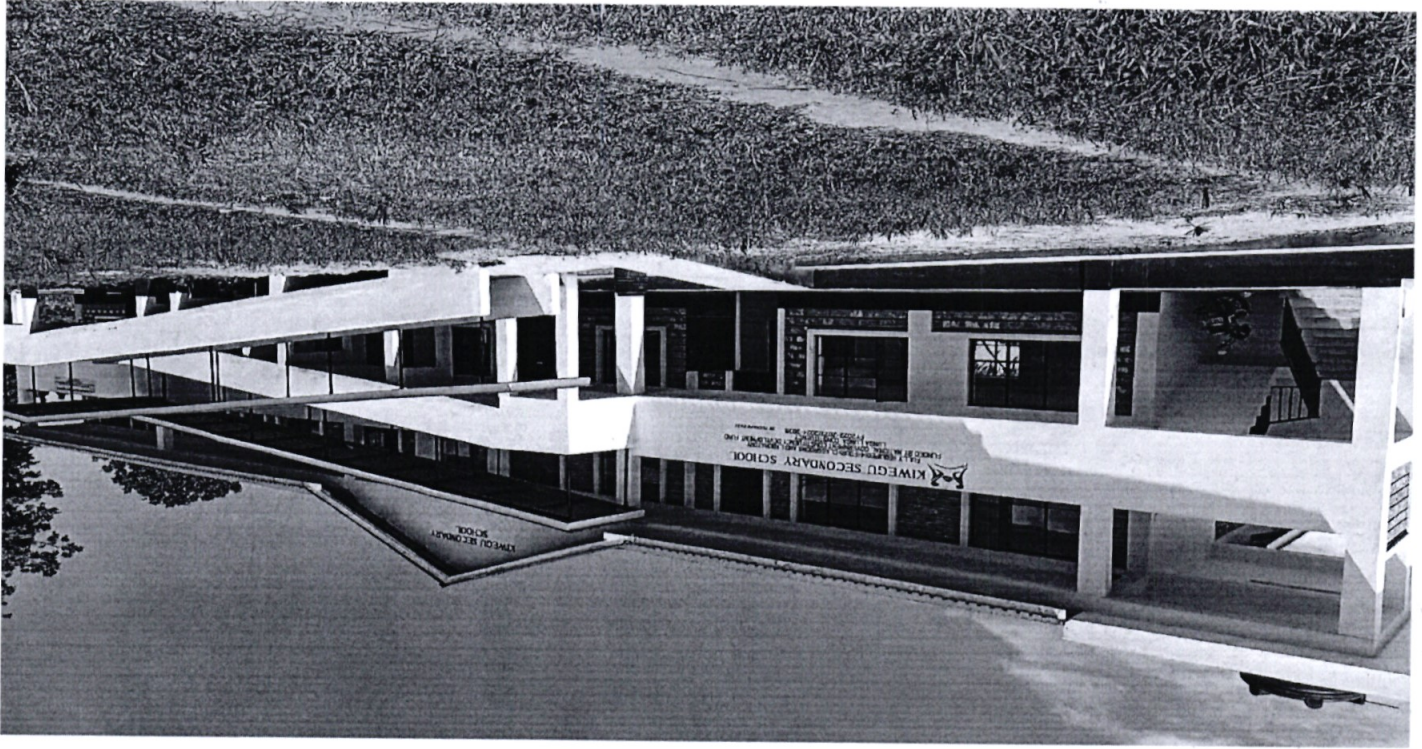
In the financial year 2024/2025 the NG-CDF Lungalunga Constituency received Kshs 255,682,707. The budgetary allocation for the FY 2024/2025 was Kshs 287,157,564. The management therefore received a disbursement of 89% of its budget. During the year a total of Kshs 173,088,940 was paid translating to 60% budget utilization through implementation of tangible/physical projects targeted within the financial year as well as issuance of bursaries to needy students. The remaining 40% consisted of amounts disbursed close to the end of the financial year and money owed from the board therefore could not be utilized within the year. Education programme under Primary school projects constituted the highest level of payments amounts to Kshs 61,097,294 translating to 35% of the total payments.

The ultimate plan for the year was continuous improvement of infrastructure in our education institutions and ICT sector so as to broaden the labour base by creating jobs to the young generation as well as conform to the Bottom-up transformation agenda of His Excellency the President of the Republic of Kenya.

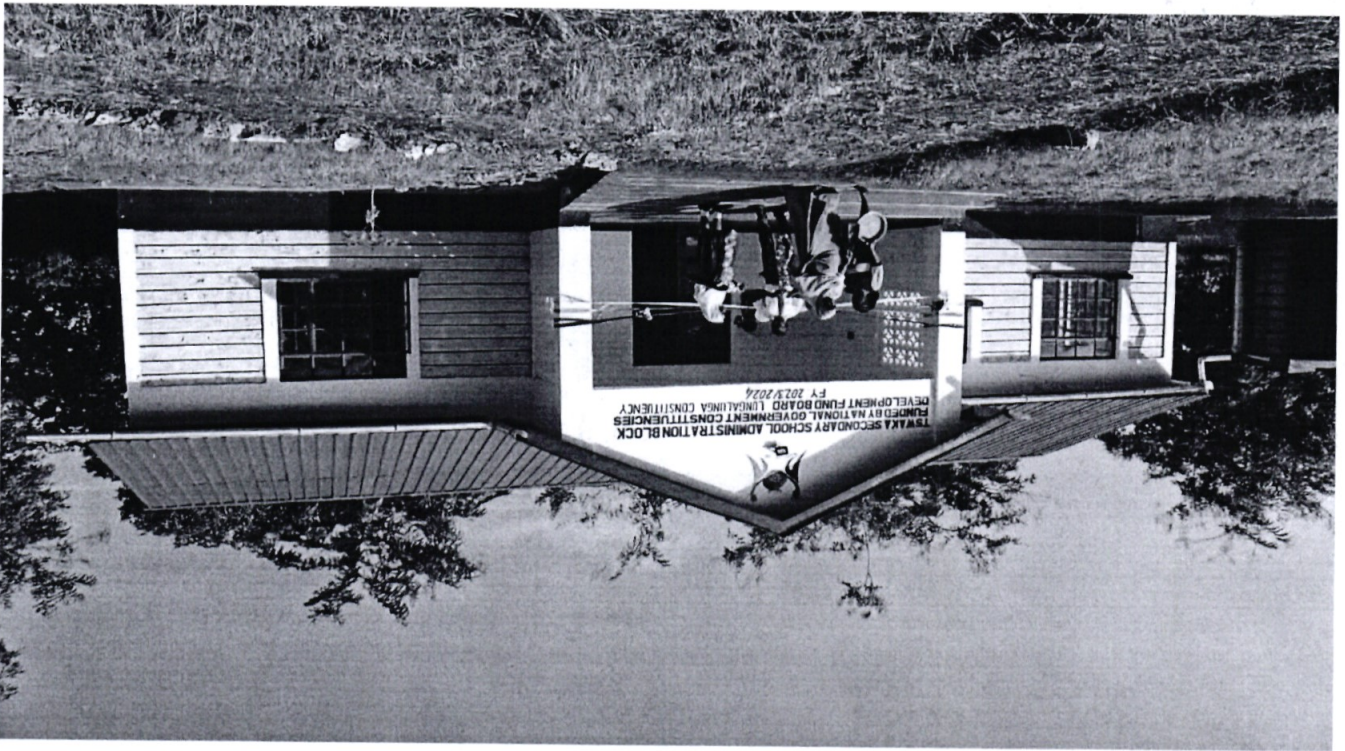
Expenditure Breakdown



*Hon. Chiforomodo Secondary school registered as Kiwegu Secondary school*



*Tswaka Secondary school – Construction of an Administration Block.*





*Mshiu Primary school – Renovation of eight (8) classrooms*

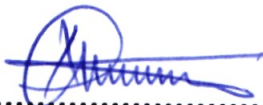
Through the initiative of prioritizing issuing bursary to day schools within the constituency the NG-CDF Committee is overwhelmed by large numbers of students in day schools hence consuming a bigger fraction of bursary award. This has increased students' retention in learning secondary schools

The NG-CDF Lungalunga in its mandate of improving infrastructure in learning institutions came up with an initiative whereby the NG-CDF committee and bursary subcommittee members visited all secondary school within the constituency to create awareness on the need of prioritizing education to anything else so that they get better grades by the time they complete their form four

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During rainy season most of learning institutions toilets collapsed due to heavy rains which led to high rate of diseases and subsequent closure notices from the public health officer. The management intervened and constructed toilets to the affected institutions through the emergency fund so as to salvage the institution



.....  
**Name: Abdulmalik Said Mwalimu**  
**Chairman NGCDF Committee**

## 5. Statement Of Performance Against Predetermined Objectives for FY2024/25

### Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer, when preparing financial statements of each National Government NG-CDF Lungalunga in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government NG-CDF Lungalunga's performance against predetermined objectives.

The key development objectives of the *NGCDF Lungalunga Constituency 2023-2027* plan are to:

- i. Promotion of Education and Training in the constituency by empowering students and improving infrastructure in the learning institutions
- ii. Ensure universal health coverage
- iii. Promotion of sports and creative talent for the youths
- iv. Enhancement of administration and security within the constituency.
- v. Promotion of Governance and Resource Mobilization
- vi. Promotion of a well-defined Monitoring and evaluation model

### Progress on the attainment of Strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. Below, we provide the progress on attaining the stated objectives:

Sector	Objective	Outcome	Indicator	Performance
Education	<i>To have all children of school going age attending school</i>	<i>Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions</i>	<i>number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels</i>	<i>In FY 2024/25 - we increased number of laboratories in Junior secondary schools to eight(8) and equipped four (4) laboratories with equipment's to enhance learning in the - Bursary beneficiaries in day secondary schools increased because the day schools are given priority in bursary award. The poverty rate of students in day schools compared to</i>

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<p>boarding schools is very high hence the NG-CDF Lungalunga Committee prioritize day schools. It was also observed that applicants from teaching institutions and Medical colleges were on the rise hence we decided to support the students to increase number of teachers and medical officers in the constituency.</p>	<p>Number of police post and chiefs office</p>	<p>Increase number of police post and chiefs office</p>	<p>To improve security in the constituency</p>	<p>Security</p>
<p>In FY 2024/2025 we completed Bengo Police Post and Mirima Assistant Chiefs office which is on going</p>	<p>Increase number of trees and water catchment measures</p>	<p>Enhance learning environment to learners</p>	<p>To improve climate in the institutions within the constituency</p>	<p>Climate change mitigation activities</p>
<p>In FY 2024/2025 we managed to plant 2250 tree seedlings and subsequently constructed gutters and 3000 litres water tanks to tap water during rain seasons at Dzombo primary, Maledi Primary and Vitsangalaweni Primary</p>	<p>Increase in toilets in learning institutions</p>	<p>Enhancement of learning institutions</p>	<p>To cater for unforeseen events</p>	<p>Emergency</p>
<p>boarded schools is very high hence the NG-CDF Lungalunga Committee prioritize day schools. It was also observed that applicants from teaching institutions and Medical colleges were on the rise hence we decided to support the students to increase number of teachers and medical officers in the constituency.</p>	<p>In FY 2024/2025 we managed to construct seven (7) toilets in different learning institutions which had submerged during heavy rains almost leading to closure of the school by public health officers.</p>			

## **6. Governance Statement**

The NG-CDF Lungalunga is governed by the NG-CDF committee members who are selected by a selection panel established under paragraph (4) of NG-CDF regulations.

The functions of a constituency committee shall be to

- Build the capacity of project Management Committees and sensitize the community on the operations of the fund.
- Consider all project proposals from all wards in the constituency and any other projects which a constituency committee considers beneficial to the constituency;
- Ensure that all proposed projects are approved;
- Ensure that project proposals submitted to the board include detailed budget proposals, procurement plans and works plans; in approving a project and before submitting the project to the board for consideration, satisfy itself and make a declaration to the effect that such project (works and services) fall within the functions of the National Government under the constitution;
- Consult with relevant government department to ensure that cost estimates for projects are realistic; in considering joint projects;
- Ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board'
- Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board
- Ensure that project reports are prepared and submitted to the board;
- Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects;
- Ensure that the principles of public finance as provided for under chapter twelve of the constitution and the public finance management legislation are observed in the management of the fund;
- Submit financial statements to the board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act;

- Collaborate with the officer of the Board seconded to the Constituency in the management of the fund, including the keeping of proper records and maintenance of books of account in accordance with section 38(b) of the Act;
- Record the names of all the signatories

### **Removal of NG-CDF Members**

- The members of a constituency committee may remove a member in accordance with section 43(13) and (14) of the Act upon receipt of a complaint against a member.
- A complaint against a member of a constituency committee shall be deposited with the National Government Constituency office.
- The complaint referred to in paragraph (2) shall clearly set out the particulars of the issues complained of
- The secretary shall convene a special meeting in accordance with these regulations to deliberate on the complaint, but the member against whom the complaint is raised shall not participate in such a meeting
- If, at a meeting held pursuant to paragraph (4) members determine that sufficient grounds exist requiring the member against whom the complaint is raised to respond to the issues complained of, the secretary shall by notice, require the member to respond to the issues received in the complaint within fourteen days of the date of the notice
- A copy of the complaint and any other grounds of removal shall be attached to the notice issued under paragraph (5).
- The member against whom the complaint is raised may be required to respond to the complaint in writing. The member against whom a complaint is raised may, in addition to the written response required under paragraph (7), elect to be heard orally, and a constituency committee may hear such a member
- The member against whom a complaint is made may call witness. If the member against whom a complaint is raised choose not to submit a response in writing or to attend the hearings, a constituency committee may proceed to determine the matter

- Notwithstanding paragraph (10), a constituency committee may summon the member against whom the complaint is made to clarify any issue, and such member shall attend the hearing. Kenya subsidiary legislation, 2016 1955
- If the member against whom a complaint is made fails to respond to the complaint as may be directed by a constituency committee, the committee may proceed and make a determination based on the evidence available.
- A constituency committee shall issue its decision on the complaint within seven days after the conclusion of the hearing.
- If constituency committee resolves to remove the member against whom a complaint is made, the secretary shall communicate the decision of the constituency committee to the board within fourteen days of the decision.
- The communication to the board under paragraph (14) shall include dully executed proceedings, together with all the supporting documents.
- The board shall, within thirty days after receipt of the communication in the paragraph (14), consider the matter and issues a final declaration which shall be binding on all parties.

#### **NG CDFC members and the categories they represent**

<b>S/no</b>	<b>Name</b>	<b>Position</b>
1	Abdhulmalik Said Mwalimu	Male youth representative
2	Selina Santo Nambula	Female youth representative
3	Salimu Bakari Boi	PWD representative
4	Sabastian Kombeti Jeremiah	Constituency Nominee Male representative
5	Beatrice Wavinya Mbindyo	Constituency Nominee Female representative
6	Zuhura Ali Kombo	Co-opted member of the board
7	J.K Sawe	Deputy County Commissioner

#### **Members remuneration**

During financial year 2024/2025 the NG-CDF committee members conducted 12 meetings, bursary sub-committee conducted 4 meetings. They were remunerated at a rate of kshs 5,000 per sitting and kshs 7,000 for the NG-CDF C Chairperson which were all subjected to 30% income tax

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**No. of meetings (state how many meetings each member attended)**

S/no	Name	Position	No. of meetings attended
1	Abd hulmalik Said Mwalimu	Male youth representative	12
2	Selina Santo Nambula	Female youth representative	15
3	Salimu Bakari Boi	PWD representative	15
4	Sabastian Kombeti Jeremiah	Constituency Nominee Male representative	15
5	Beatrice Wavinya Mbindyo	Constituency Nominee Female representative	12
6	Zuhura Ali Kombo	Co-opted member of the board	15
7	J.K. Sawe	Deputy County Commissioner	12

NAME OF NGCDFC MEMBER	MEETIN GS HELD	MEETIN GS HELD	MEETINGS HELD	MEETINGS HELD	MEETINGS HELD	MEETINGS HELD	MEETINGS HELD	MEETINGS HELD	MEETIN GS HELD	MEETIN GS HELD	MEETIN GS HELD	MEETIN GS HELD
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Abdulmalik said mwalimu	√	√	x	√	√	√	√	√	√	√	√	√
Beatrice Mbindyo	√	√	x	√	√	√	√	√	√	√	√	√
Zuhura Kombo	√	√	x	√	√	x	√	√	√	√	√	√
Salim Boi	√	√	x	√	√	x	√	√	√	x	x	x
Sabastian Kombeti	√	√	x	√	√	x	√	√	√	√	√	√
Selina Santo	√	√	x	√	√	x	√	√	√	√	√	√
Joseph Sawe	√	√	x	√	√	√	√	√	√	√	x	√

**Succession in NG CDFC**

The NG-CDF Lungalunga Committee term came to an end after new committee members were gazetted on 21<sup>st</sup> May, 2025 through gazette notice number **Vol. CXXVII – 98**. One member representing PWDS namely Bakari Salim Boi was not gazetted but process is now complete awaiting appointment in the subsequent gazette. The Board coopted Tima Mlongo Nyawa as a member of Lungalunga Constituency Committee through letter reference number NGCDFC/Appointments/Lungalunga/2025 Dated 15<sup>th</sup> September, 2025 Member's gazetted are as tabulated below

No.	Name	Category	Statutory Provision Under NG-CDF Act
1	Thomas Mwachenda Chaniro	Male Adult Representative	Appointment, Pursuant to Sec, 43(2)(b)
2	Sabastian Kombeti Jeremiah	Male Adult Representative	Appointment,
3	Abdul Malik Saidi Mwalim	Male Youth Representative	Pursuant to Sec, 43(2)(b)
4	Beatrice Wavinya Mbindyo	Female Adult Representative	Appointment,
5	Selina Santo Nambula	Female Adult Representative	Pursuant to Sec, 43(2)(b)

6	Zuhura Ali Kombo	Female Youth Representative	Appointment,
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### **Risk management**

The management of NG-CDF Lungalunga has always put in place measures to identify possible risk areas through a consultative engagement with various stakeholders and all risk mitigation factors have been put in place. In this regard the management has complied with NG-CDF Act 2022 as amended in 2023, PPRA regulations, PFM Act 2012, Board circulars, presidential directives and any other law regarding its operations

### **Conflict of Interest**

During every meeting the management has always reminded committee members to declare any conflict of interest before the meeting starts and none of the members declared interest on any matters discussed during the year ended 30<sup>th</sup> June 2025.

## **7. Management Discussion and Analysis**

### **1. Operational and Financial Performance**

The Lungalunga NG-CDF has consistently received increased allocations over the last five fiscal years, signifying trust and growth in constituency-level development. Fund absorption remains high due to strategic planning and timely execution of priority projects.

<b>Fiscal Year</b>	<b>Allocation</b>	<b>Utilization (%)</b>	<b>Unspent Balance</b>
2020/21	119,900,000.00	98%	2.4M
2021/22	103,988,879.00	97%	4.1M
2022/23	138,215,033.00	99%	1.4M
2023/24	166,593,720.00	96%	6.0M
2024/25	170,474,856.74	60%	114M

### **2. Key Projects Implemented and Ongoing**

#### **Education:**

- 20 new classrooms built and equipped.
- Over 20,000 students benefited from bursary disbursements
- Construction of school toilets.
- Junior secondary school labs established in 8 secondary schools.
- Renovation of classrooms
- Construction of complete 2 new storey building schools

#### **Social Security & Public Safety:**

- Construction of chief's and Assistant chief's offices
- Construction of Mwangulu Police stations and Mamba Police stations
- Construction of Modern Police Post at Bengo
- Renovation of Lungalunga Police station

### 3. Statutory Compliance

The Fund adheres to the NG-CDF Act, 2015 and the Public Finance Management framework. Audits are performed annually with no major except for opinion reports. Procurement processes conform to the Public Procurement and Asset Disposal Act, ensuring transparency.

- All statutory reports submitted to the NG-CDF Board and National Treasury in time
- Annual Work plans and Budgets approved and implemented successfully.

### 4. Major Risks Facing the Fund

<b>Risk Factor</b>	<b>Mitigation Strategy</b>
Delayed disbursements	Continuous engagement with National Treasury
Escalating construction costs	Dynamic budgeting and project prioritization
Low contractor performance	Vetting, contract enforcement, regular audits
Community disputes	Stakeholder forums and public participation

### 5. Arrears and Financial Obligations

There are **no statutory arrears**. However, the board owes the fund **KES 31,474,857** primarily related to infrastructure work, ICT hub and purchase of school bus projects

### 6. Review of Economy and Sector

#### National Context

Kenya's post-pandemic recovery, growing GDP, and increased public investment have created a favorable environment for constituency development. The fiscal space, however, remains constrained by inflationary pressures and debt servicing.

**Sectoral Dynamics:**

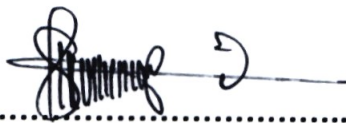
- **Education:** Increased demand for digital learning tools.
- **Bursary:** Increased bursary dependence.
- **Climate change:** Emphasis on climate-resilient projects.

**7. Future Developments**

Looking ahead, Lungalunga NG-CDF is set to:

- Expand digital learning by improving ICT infrastructure in schools.
- Increase bursary allocation to support more vulnerable learners
- Address climate change mitigation measures by planting more trees and tap solar energy.
- Strengthen monitoring and evaluation frameworks to ensure project effectiveness.

The Lungalunga Constituency NG-CDF remains committed to fostering sustainable development and improving the quality of life for its constituents through prudent



**Name: Davis Mwasambu Pole  
Fund Account Manager**

## **8. Environmental and Sustainability Reporting**

NG-CDF Lungalunga exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Security sector support and Climate mitigation. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

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

To ensure the sustainability of Lungalunga Constituency, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Lungalunga Constituency's focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers, thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups, including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars, NGCDF has security as a priority area with the intention to provide a better working environment for the security providers within the constituency as well as a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for law enforcement agencies while collaborating with the community in trust on matters of security.
- c. **Climate change mitigation:** The Constituency acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget to climate change mitigation activities such as afforestation, reforestation, grassroots sensitization, tapping solar energy and tree seedling production.

## **2. Environmental performance**

During the financial year 2024-2025 we managed to plant 2250 tree seedlings and subsequently constructed gutters and three (3) 3000 litres water tanks to tap water during rain seasons at Dzombo primary, Maledi Primary and Vitsangalaweni Primary

### **Employee welfare**

We invest in providing the best working environment for our employees. Lungalunga constituency recruitment is guided by Employment Act, NGCDF Act, and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one-third gender rule and special groups. We also Recognize and appreciate our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance coverage through a reliable insurance Scheme. Employees are encouraged and supported to build on their skills and knowledge continually. Lungalunga constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

The committee has a safety policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA) and has ensured the work environment is conducive to everybody's movement and accessibility within the office, including PWDs. The Constituency has also put in place disaster-mitigating measures, including fire extinguishers and accessible escape routes in case of emergency.

### **3. Marketplace practices-**

Lungalunga Constituency is committed to fair and ethical market practices.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency to lift them economically. Our ethical market practices ensure the fund gets value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers, which are enhanced through organized sensitization forums on the procurement legal framework and ethical subject matters. We are dedicated to honoring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption.
- b) Good business practices, including cordial Supply chain and supplier relations, by honoring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests.

### **4. Community Engagements-**

Lungalunga Constituency has endeavored to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through community projects.

#### **Public Participation in Project Identification, Implementation, and Monitoring**

Lungalunga Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the national development plans and policies and the constituency strategic development plan. The

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identified list of priority projects, both immediate and long-term, was submitted to the NGCDF Board in accordance with the Act.

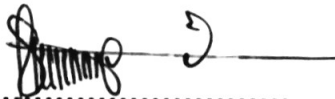
**Public participation** is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

The NG-CDFC engaged the community through community leaders during the bursary program to identify the needy students to be awarded the bursary.

**Public Awareness**

This includes mechanisms for participation and cooperation with local, regional, and national agencies, as well as for conducting community-based needs assessments, public awareness campaigns, and community meetings.

Lungalunga Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



.....  
Name: DAVIS MWASAMBU POLE  
Fund Account Manager.

## **9. Statement Of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the accounting officer for a National Government NG-CDF Lungalunga shall prepare financial statements in respect of that NG-CDF Lungalunga. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-Lungalunga Constituency is responsible for the preparation and presentation of the NG-CDF Lungalunga's financial statements, which give a true and fair view of the state of affairs of the NG-CDF Lungalunga for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NG-CDF Lungalunga; Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; Safeguarding the assets of the NG-CDF Lungalunga; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Lungalunga Constituency accepts responsibility for the NG-CDF Lungalunga's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of *NG-CDF Lungalunga's* transactions during the financial year ended June 30, 2025, and of the NG-CDF Lungalunga's financial position as at that date. The Accounting Officer charge of the NGCDF- Lungalunga Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the NG-CDF Lungalunga's financial statements as well as the adequacy of the systems of internal financial control.

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The Accounting Officer in charge of the NGCDF Lungalunga Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF Lungalunga's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya. In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The NGCDF- Lungalunga Constituency financial statements were approved and signed by the Accounting Officer on 01/12/ 2025.



.....  
**Name: Abdul Malik Saidi Mwalim**  
**Chairman – NGCDF Committee**



.....  
**Name: Davis Mwasambu Pole**  
**Fund Account Manager**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LUNGALUNGA CONSTITUENCY 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.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Lungalunga Constituency set out on

pages 1 to 56, which comprise of the statement of financial Position as at 30 June, 2025 and the statement of financial performance , statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – LungaLunga Constituency 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 (including the transitional provisions permitted under IPSAS 33) and comply with the National Government Constituencies Development Fund Act 2015 (Amended 2023), and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025

### **Basis for Qualified Opinion**

#### **Unsupported Adjustments under the Statement of Changes in Net Assets to Recognize Opening Balances**

The statement of changes in net assets reflects opening balance as at 1 July, 2024 of Kshs.115,856,823. The net assets balance was arrived at after adjustments to recognize assets of Kshs.104,482,522 and liabilities of Kshs.825,884 to the fund balance as at 30 June, 2024 (Cash basis). However, the adjustments were not supported by a note describing the items they related to either on the face of the statement of changes in net assets or on the notes to the financial statements.

In the circumstances, the accuracy and completeness of the adjustments in the statement of changes in net assets could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects approved final receipts budget and actual amounts on comparable basis of Kshs.287,157,564 and Kshs.255,682,707 respectively, resulting in an under-funding of Kshs.31,474,857 or 11%

of the budget. Similarly, the Fund spent Kshs.173,089,626 against actual receipts of Kshs.255,682,707 resulting in an under absorption of Kshs.82,593,081 or 32% of actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year's Audit Matters**

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund in 2024/2025 revealed that four (4) matters remained unresolved.

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported project management committee balances
2	2023/2024	Irregularly constituted NG-CDF committee
3	2023/2024	Construction of projects inaccessible to persons with disabilities
4	2023/2024	Lack of ownership documents for the constituency building

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxx which comprise of Key Constituency Information and Management, NG-CDFC Committee, NG-CDFC Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Prepare Quarterly Financial Reports**

Review of the financial records revealed that the Management did not prepare and submit quarterly financial statements to the Cabinet Secretary, National Treasury and Economic Planning and the Auditor-General. This is contrary to Regulation 220(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an accounting officer for a National Government entity to prepare and submit quarterly financial and non-financial statements for the National Government entity with a copy to the National Treasury and the Auditor-General in a form that complies with the standards prescribed and published by the Accounting Standards Board from time to time.

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

#### **2. Proposed Construction of Student Capacity Laboratory**

The statement of financial performance and Note 13 disclosed other Government expenditure of Kshs.103,726,025, including primary school expenses of Kshs.60,420,454. This amount includes a contract with a contractor for the construction of a 45-student laboratory at Mwananyamala Junior Secondary School at a contract sum of Kshs.4,590,513.36 signed on 6 November, 2024. Further, the contractor received the final payment certificate on 9 January, 2025 and the six-month defects liability period expired on 9 July, 2025. Physical inspection on 11 December, 2025 showed multiple defects and incomplete works which included chipped paving slabs, substandard bunsen burners operated by a single switch, lack of a gas cylinder house, poor worktop finishing, missing taps on several sinks, incomplete tiling, defective window locks, and errors in the NG-CDF signage indicate "capacity" instead of "capacitY".

In the circumstances, value for money may not have been realized from the project due to defects and incomplete works.

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.

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

### **Responsibilities of the Management and the Management Committee**

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.

The Management Committee is 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**

**05 December, 2025**


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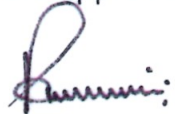
**11. Statement of Financial Performance for the Year Ended 30th June 2025**

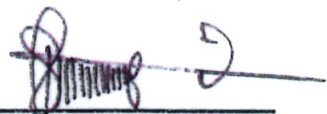
	Note	Period ended June Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the NGCDF Board	6	170,474,857
Grants/donations from other entities	7	-
<b>Revenue from exchange transactions</b>		
Finance income	8	-
Miscellaneous income	9	-
<b>Total revenue</b>		<b>170,474,857</b>
<b>Expenses</b>		
Employee costs	10	5,147,046
Committee expenses	11	2,551,665
Use of Goods and Services	12	8,502,034
Other Government Units Actual expenditure	13	103,726,025
Other Grants and Transfers Actual expenditure	14	55,464,890
Depreciation and amortization expense	15	232,875
Digital Hubs Actual expenditure	16	-
<b>Total expenses</b>		<b>175,624,535</b>
<b>Other gains/(losses)</b>		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/(Deficit) for the year</b>		<b>(5,149,678)</b>

The Constituency financial statements were approved by the NGCDFC on 01/12/2025

and signed by:

  
Chairman NG-CDF  
Committee  
Name: Abdul Malik Said  
Mwalim

  
National Sub-County  
Accountant  
Name: Peter Kamande  
ICPAK M/No: 12030

  
Fund Account Manager  
Name: Davis Mwasambu  
Pole

*(Paragraph 79 of IPSAS 33 allows for the election by an MDA to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)*

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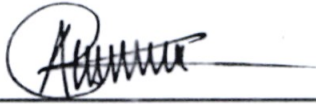
12. Statement Of Financial Position as At 30th June, 2025

	Note	Period as at June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	82,593,081	71,435,804
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	31,474,857	45,246,903
Prepayments	22	14,994	-
<b>Total Current Assets</b>		<b>114,082,932</b>	<b>116,682,707</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	811,124	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
<b>Total Non- Current Assets</b>		<b>811,124</b>	<b>-</b>
<b>Total Assets (A)</b>		<b>114,894,056</b>	<b>116,682,707</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	-	-
Third-Party Deposits	27	2,650,709	687
Lease Liabilities	28	-	-
Gratuity provision	29	1,536,202	825,197
<b>Total Current Liabilities</b>		<b>4,186,911</b>	<b>825,884</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	-	-
<b>Total Liabilities (B)</b>		<b>4,186,911</b>	<b>825,884</b>
<b>Net Assets (A-B)</b>		<b>110,707,145</b>	<b>115,856,823</b>
<b>Represented by:</b>			
Revaluation Reserves			
Accumulated Surplus		110,707,145	115,856,823
<b>Total Net Assets</b>		<b>110,707,145</b>	<b>115,856,823</b>

*National Government Constituencies Development Fund (NGCDF)  
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The Constituency financial statements set out on pages 1 to 14 approved by NG CDFC on 01/12/2025 and signed by:



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Chairman NG-CDF  
Committee  
Name: Abdul Malik Saidi  
Mwalim



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National Sub-County  
Accountant  
Name: Peter Kamande  
  
ICPAK M/No: 12030



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Fund Account Manager  
  
Name: Davis Mwasambu  
Pole

*National Government Constituencies Development Fund (NGCDF)*  
*Lungalunga Constituency*  
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13. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Reserves	Accumulated surplus/Deficit	Total
	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June 2024 (cash basis)		12,200,185	12,200,185
Adjustments: (to recognize assets and liabilities)			-
Add Assets		104,482,522	104,482,522
Less Liabilities		825,884	825,884
<b>As at July 1, 2024</b>		<b>115,856,823</b>	<b>115,856,823</b>
Surplus/(Deficit) For the Period		(5,149,678)	(5,149,678)
Revaluation Gain/Loss		-	-
<b>As at 30th June 2025</b>		<b>110,707,145</b>	<b>110,707,145</b>

*National Government Constituencies Development Fund (NGCDF)*  
*Lungalunga Constituency*  
*Annual Report and Financial Statements for The Year Ended June 30, 2025*

14. Statement Of Cash Flows for The Year Ended 30th June 2025

	Notes	<i>Period ended June 2025</i>
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the NGCDF Board		184,246,903
Grants/donations from other entities		-
Finance income		-
Miscellaneous income		-
<b>Total Receipts</b>		<b>184,246,903</b>
<b>Payments</b>		
Employee costs		4,436,041
Committee expenses		2,551,665
Use of Goods and Services		8,517,028
Other Government Units Certified Works		101,166,171
Other Grants and Transfers		55,374,722
Digital Hubs Expenses		-
<b>Total Payments</b>		<b>172,045,627</b>
<b>Net Cash Flows from/ (used in) Operating Activities</b>	30	<b>12,201,276</b>
<b>Cash flows From Investing Activities</b>		
Purchase of PPE		1,043,999
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
<b>Net Cash Flows from Investing Activities</b>		<b>1,043,999</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>11,157,277</b>
<b>Cash Flows from Financing Activities</b>		
Lease payment		-
<b>Net Cash Flows from Financing Activities</b>		<b>11,157,277</b>
Cash and cash equivalents at Period Start	19	71,435,804
Cash and cash equivalents at Period End	19	82,593,081

15. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	<i>FY 2024-2025</i>	Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>FY 2024-2025</i>	<i>FY 2024-2025</i>		
<b>Revenue</b>							
Transfers From the NGCDF Board	170,474,857	71,435,804	45,246,903	<b>287,157,564</b>	<b>255,682,707</b>	<b>31,474,857</b>	<b>89%</b>
Grants/Donation from other entities	-	-	-	-	-	-	<b>0%</b>
Finance income	-	-	-	-	-	-	<b>0%</b>
Miscellaneous income	-	-	-	-	-	-	<b>0%</b>
<b>Totals</b>	<b>170,474,857</b>	<b>71,435,804</b>	<b>45,246,903</b>	<b>287,157,564</b>	<b>255,682,707</b>	<b>31,474,857</b>	<b>89%</b>
<b>Expenses</b>							<b>0%</b>
Employee costs	5,930,307	667,812	-	6,598,119	4,436,041	2,162,078	67%

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Committee expenses	2,736,000	138,290	-	2,874,290	2,551,665	322,625	89%
Use of Goods and Services	5,632,401	2,695,228	1,505,000	9,832,629	8,517,028	1,315,601	88%
Other Government Units Certified Works	78,620,000	56,909,482	40,152,272	175,681,754	101,166,171	74,515,583	58%
Other Grants and Transfers	67,477,874	9,030,899	3,589,631	80,098,404	55,374,722	24,723,682	69%
Digital Hubs Expenses	9,034,276	-	-	9,034,276	-	9,034,276	0%
Acquisition of Assets	1,043,999	-	-	1,043,999	1,043,999	-	10
Funds Pending Approval**	-	1,994,093	-	1,994,093	-	1,994,093	0%
<b>Total Expenditure</b>	<b>170,474,857</b>	<b>71,435,804</b>	<b>45,246,903</b>	<b>287,157,564</b>	<b>173,089,626</b>	<b>114,067,938</b>	<b>60%</b>
<b>Surplus for the period</b>							

*\*\*Funds pending approval are sums not yet approved by the board for utilization and include approved allocations and/or AIA not yet allocated for specific projects.*

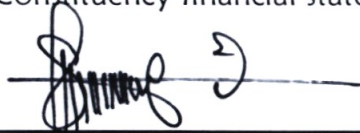
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**Explanatory Notes.**

*The underutilization of 60% was as a result of delay in funds disbursement from the board*

<b>Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities</b>	
<b>Description</b>	<b>Amount</b>
Budget utilization difference totals	114,067,938
Less undisbursed funds receivable from the Board as at period 30th, 2025	31,474,857
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	82,593,081

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Constituency financial statements were approved by NG CDFC on 01/12/ 2025 and signed by:



Fund Account Manager

Name: Davis Mwasambu Pole



National Sub-County Accountant

Name: Peter Kamande  
ICPAK M/No: 12030



Chairman NG-CDF Committee

Name: Abdul Malik Saidi Mwalim

16. Budget Execution by Sectors and Projects for the Year Ended 30<sup>th</sup> June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	5,930,307	667,812		6,598,119	4,436,041	2,162,078
1.2 Committee allowances	1,248,000	138,290		1,386,290	1,386,290	-
1.3 Use of goods and services	3,050,154		1,505,000	4,555,154	4,555,154	-
<b>Sub-total</b>	<b>10,228,461</b>	<b>806,102</b>	<b>1,505,000</b>	<b>12,539,563</b>	<b>10,377,485</b>	<b>2,162,078</b>
<b>2.0 Monitoring and evaluation</b>						
2.1 Capacity building				-		-
2.2 Committee allowances	1,488,000			1,488,000	1,165,375	322,625
2.3 Use of goods and services	2,582,277	2,695,228		5,277,505	3,961,876	1,315,631
<b>Sub-total</b>	<b>4,070,277</b>	<b>2,695,228</b>	<b>-</b>	<b>6,765,505</b>	<b>5,127,251</b>	<b>1,638,256</b>
<b>4.0 Emergency</b>						
unutilized	8,972,098	-	-	8,972,098	-	8,972,098
Kiwegu Secondary school		1,100,000		1,100,000	1,100,000	-

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Mwalewa Girls secondary school		-	-	-	-	-
<b>Sub-total</b>	<b>8,972,098</b>	-	-	<b>8,972,098</b>	<b>1,100,000</b>	<b>7,872,098</b>
<b>5.0 Bursary and Social Security</b>						
5.1 Primary Schools				-		-
5.2 Secondary Schools	40,260,000			40,260,000	36,300,373	3,959,627
5.3 Tertiary Institutions	10,045,776			10,045,776	9,265,137	780,639
5.4 special needs				-		-
5.5 Education Support Programmes	2,500,000			2,500,000	1,000,000	1,500,000
5.6 Social Security				-		-
<b>Sub-total</b>	<b>52,805,776</b>	-	-	<b>52,805,776</b>	<b>46,565,510</b>	<b>6,240,266</b>
<b>7.0 Environment</b>						
Dzombo primary			225,774	225,774	210,549	15,225
Maledi primary			225,774	225,774	210,543	15,231
Vitsangaleweni primary			225,774	225,774	210,563	15,211
Mtudwini Primary school	1,700,000			1,700,000	-	1,700,000
<b>Sub-total</b>	<b>1,700,000</b>	-	<b>677,322</b>	<b>2,377,322</b>	<b>631,655</b>	<b>1,745,667</b>
<b>8.0 Primary Schools Projects</b>						
Kalwembe Primary school		906,032		906,032	406,032	500,000
Vumbakuu(Jasini) Primary school		759,888		759,888	744,896	14,992
Perani Primary school		291,800		291,800	290,375	1,425
Marenje B Primary school		3,650,000		3,650,000	3,600,966	49,034
Mshiu Primary school		6,000,000		6,000,000	5,271,863	728,137
Kivuleni primary school		3,650,000		3,650,000	3,649,188	812
Kiiranze primary school			205,923	205,923	205,923	-
Mitunguni primary school	-		205,923	205,923	205,923	-
Ngathini primary school		1,972		1,972	-	1,972
Masimbani primary school	2,500,000	-		2,500,000	-	2,500,000

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Masimbani primary school	2,000,000	1,500		2,001,500	-	2,001,500
Maro primary school		1,559		1,559	-	1,559
Mvumoni primary school		353		353	-	353
Kimwangani Primary school		3,650,000		3,650,000	3,648,676	1,324
Mtudwini Primary school		3,650,000		3,650,000	3,649,273	727
Mgombezi primary	2,500,000			2,500,000	-	2,500,000
Kidomaya primary	4,000,000			4,000,000	-	4,000,000
Mrima primary school	3,000,000			3,000,000	-	3,000,000
Matope primary school	3,740,000			3,740,000	-	3,740,000
Kidziweni primary school	3,740,000			3,740,000	-	3,740,000
Wasini primary school	3,200,000			3,200,000	-	3,200,000
Mitunguni primary school	3,740,000			3,740,000	-	3,740,000
Mzuri primary school	4,500,000			4,500,000	-	4,500,000
Mabafweni primary school	6,500,000			6,500,000	-	6,500,000
Kikoneni Junior secondary school	1,200,000			1,200,000	1,126,119	73,881
Kikoneni Junior secondary school	-	4,663,295		4,663,295	4,547,605	115,690
Mwanguda Junior secondary school	1,200,000	-		1,200,000	1,190,573	9,427
Mwanguda Junior secondary school	-	4,663,295		4,663,295	2,793,747	1,869,548
Mwangulu Junior secondary school	1,200,000			1,200,000	1,189,308	10,692
Mwangulu Junior secondary school	-	4,663,296		4,663,296	4,250,695	412,601
Lungalunga Junior secondary school	1,200,000	-		1,200,000	1,190,660	9,340
Lungalunga Junior secondary school		2,747,929		2,747,929	2,728,301	19,628

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Lungalunga Junior secondary school		-	850,000	850,000	820,512	29,488
Mwananyamala junior secondary school			4,663,296	4,663,296	4,136,759	526,537
Tsuini junior secondary school			4,663,296	4,663,296	4,144,799	518,497
Mwamtsefu junior secondary school			4,663,296	4,663,296	4,145,247	518,049
Chigombero Junior secondary school	5,000,000			5,000,000	-	5,000,000
Majoreni junior secondary school			4,663,296	4,663,296	4,143,538	519,758
Mwakalanga Primary school		417,629	82,371	500,000	-	500,000
Perani Primary school		850,000	-	850,000	-	850,000
Mabafweni Primary school		850,000	-	850,000	-	850,000
<b>Sub-total</b>	<b>49,220,000</b>	<b>41,418,548</b>	<b>19,997,401</b>	<b>110,635,949</b>	<b>58,080,978</b>	<b>52,554,971</b>
<b>9.0 Secondary Schools Projects (List all the Projects)</b>						
Kasemeni city secondary school	5,500,000			5,500,000	5,230,371	269,629
Kasemeni city secondary school	-	2,008,546	7,000,000	9,008,546	7,007,864	2,000,682
Hon. Chiforomodo sec school	5,500,000	2,168,802		7,668,802	6,350,311	1,318,491
Hon. Chiforomodo sec school	-	-	7,000,000	7,000,000	4,997,819	2,002,181
Franz josef secondary school		280,652		280,652	270,857	9,795
kilimangodo secondary school		850,000		850,000	847,133	2,867
Shimoni secondary school		62,384		62,384	-	62,384

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Mama Rukia Girls sec schol		3,160,583		3,160,583	2,313,845	846,738
Jumaboy secondary school		3,000,000		3,000,000	2,570,521	429,479
Magombani secondary school	3,900,000	3,500,911	2,499,089	9,900,000	5,982,669	3,917,331
Ngozi Girls secondary school		173,963	850,000	1,023,963	741,598	282,365
Mwalewa Girls secondary school		1,779,186	500,000	2,279,186	1,772,127	507,059
Kiruku secondary		500,000		500,000	-	500,000
Tswaka secondary			5,000,000	5,000,000	4,999,391	609
Mwananyamala secondary school	11,000,000			11,000,000	-	11,000,000
Perani Secondary school	3,500,000			3,500,000	-	3,500,000
<b>Sub-total</b>	<b>29,400,000</b>	<b>17,485,027</b>	<b>22,849,089</b>	<b>69,734,116</b>	<b>43,084,506</b>	<b>26,649,610</b>
<b>10.0 Tertiary institutions Projects (List all the Projects)</b>						
				-		-
				-		-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11.0 Security Projects</b>						
Kiwegu Ass. Chiefs' office		415,976		415,976	415,932	44
Kiwegu chiefs' office		33		33	-	33
Bengo Police Post	1,000,000	2,619,890		3,619,890	1,054,782	2,565,108
Lungalunga Police station		4,300,000		4,300,000	4,000,736	299,264
Pongwe Kidimu ACC's office		695,000		695,000	685,900	9,100
lungalunga ACC toilet		500,000		500,000	454,632	45,368
Menzamwenye Ass. Chiefs office toilet		500,000		500,000	465,575	34,425
Mrima assistant chiefs office	3,000,000			3,000,000	-	3,000,000
Lungalunga Acc office		-	218,091	218,091	-	218,091
<b>Sub-total</b>	<b>4,000,000</b>	<b>9,030,899</b>	<b>218,091</b>	<b>13,248,990</b>	<b>7,077,557</b>	<b>6,171,433</b>

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<b>12.0 Acquisition of assets</b>						
12.1 Motor Vehicles (including motorbikes)			-	-		-
12.2 Purchase of furniture and fittings				-		-
12.2 Construction of CDF office				-		-
<b>Sub-total</b>	-	-	-	-	-	-
<b>13.0 Others</b>						
Lungalunga Digital hub	9,034,246	-	-	<b>9,034,246</b>		9,034,246
<b>Sub-total</b>	<b>9,034,246</b>	-	-	<b>9,034,246</b>	-	<b>9,034,246</b>
<b>Acquisition of Assets</b>	1,043,999	-	-	1,043,999	1,043,999	-
<b>Sub-total</b>	<b>1,043,999</b>	-	-	<b>1,043,999</b>	<b>1,043,999</b>	-
<b>Funds pending approval**</b>				-		-
unapproved projects		-		-		-
AIA	-			-		-
<b>Sub-total</b>	-	-	-	-	-	-
<b>Total</b>	<b>170,474,857</b>	<b>71,435,804</b>	<b>45,246,903</b>	<b>287,157,564</b>	<b>173,088,939</b>	<b>114,068,625</b>

## **17. Notes to the Financial Statements**

### **1. General information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF Lungalunga Constituency principal activity is service delivery to the constituents through provision of bursary to vulnerable learners and construction of infrastructure to schools.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the NG-CDF's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The NG-CDF Lungalunga is transitioning from IPSAS Cash-Modified to IPSAS Accrual, and these are the first transitional financial statements prepared under IPSAS Accrual. The NG-CDF Lungalunga has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The NG-CDF Lungalunga has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach; Therefore, this is the 1st transitional financial statements. (The NG-CDF Lungalunga has recognised all financial Assets which includes cash and cash equivalent for operational account, deposit account and PMC balances, Receivables (owing from the Board and others), Prepayments, PPE and intangible assets acquired in F/Y 2023/2024 to date of reporting. Liabilities recognised includes trade and other payables, third party deposits and gratuity provisions. Recognition of all other

non-financial assets acquired in f/y prior to 2023/2024 to be recognised in the third year of transition after identification and valuations have been done.

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

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

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2025, it is applicable in Kenya from 1<sup>st</sup> July 2025)*

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
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 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 NG-CDF Lungalunga. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>This IPSAS is not applicable in this constituency</i>
IPSAS 44:	<i>Applicable 1<sup>st</sup> January 2025</i>

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<p>Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>This IPSAS is not applicable in this constituency</b></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be 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><i>This IPSAS will be effective 1<sup>st</sup> July,2025</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></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> </ul>

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	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>This IPSAS will be effective 1st July, 2025</i></p>
IPSAS 47: Revenue	<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 NG-CDF Lungalunga shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>This IPSAS will be effective 1st July, 2026</i></p>
IPSAS 48: Transfer Expenses	<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> <p><i>This IPSAS is not applicable in this constituency.</i></p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><i>This IPSAS is not applicable in this constituency</i></p>
IPSAS 50:	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p>

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<p>Exploration For &amp; Evaluation of Mineral Resources</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 NG-CDF Lungalunga’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><i>This IPSAS is not applicable in this constituency</i></p>
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*iii. Early adoption of standards*

The NG-CDF Lungalunga did not early – adopt any new or amended standards in the financial year.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

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

##### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *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 upon fulfilling the conditions set. Revenue shall be recognized after allocations have been approved by the NG-CDF Board.

##### **ii) Revenue from exchange transactions**

##### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *NG-CDF Lungalunga*.

##### **Interest income**

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

##### **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 was approved by Parliament on 30<sup>th</sup> June 2024 for the period 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

A comparison of the actual performance against the final budget for the financial year under review has been included in the financial statements.

The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 15 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the NG-CDF Lungalunga 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) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *NG-CDF Lungalunga*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *NG-CDF Lungalunga* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *NG-CDF Lungalunga* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *NG-CDF Lungalunga*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**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 NG-CDF Lungalunga does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one NG-CDF Lungalunga and a financial liability or equity instrument of another NG-CDF Lungalunga. At initial recognition, the NG-CDF Lungalunga 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.

**a) Financial assets**

**Classification of financial assets**

The NG-CDF Lungalunga 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 NG-CDF Lungalunga'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 NG-CDF Lungalunga 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 NG-CDF Lungalunga classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

### **Amortized cost**

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

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

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

### **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.

### **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 NG-CDF Lungalunga 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.

### **Impairment**

The NG-CDF Lungalunga 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 NG-CDF Lungalunga recognizes a loss allowance for such losses at each reporting date.

## **b) Financial liabilities**

### **Classification**

The NG-CDF Lungalunga classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

### **g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of

operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *NG-CDF Lungalunga*.

#### **h) Provisions**

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

#### **i) Social Benefits**

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

#### **j) Contingent liabilities**

The *NG-CDF Lungalunga* 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.

**k) Contingent assets**

The NG-CDF Lungalunga 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 NG-CDF Lungalunga 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.

**l) Employee benefits**

**Retirement benefit plans**

The *NG-CDF Lungalunga* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an NG-CDF Lungalunga pays fixed contributions into a separate NG-CDF Lungalunga (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Related parties**

The *NG-CDF Lungalunga* regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the *NG-CDF Lungalunga*, or vice versa.

**m) Cash and Cash Equivalents**

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

**o) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The NG-CDF Lungalunga 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 NG-CDF Lungalunga. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

- a) The condition of the asset is based on the assessment of experts employed by the NG-CDF Lungalunga.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**6. Transfers from the NGCDF Board**

Description	<i>Period ended June 2025</i>

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NGCDFB Transfers (Allocation for the FY)	170,474,857
<b>TOTAL</b>	<b>170,474,857</b>

7. Transfers from domestic and foreign partners

Description	FY 2024-2025
	Kshs
Grants	-
<b>Total</b>	<b>-</b>

8. Finance income

Description	FY 2024-2025
	Kshs
Interest Income on Bank Deposits	-
<b>Total</b>	<b>-</b>

9. Miscellaneous income

Description	FY 2024-2025
	Kshs
Rental Income	-
Income from sale of tenders	-
Hire of plant/equipment/facilities	-
Other Income Not Classified Elsewhere ( <i>specify</i> )	-
<b>Total</b>	<b>-</b>

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**10. Employees cost**

Description	<i>Period ended June 2025</i>
	Ksh
NG-CDFC Basic staff salaries	3,722,935
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	879,995
Employer Contributions Compulsory national social security schemes	429,403
Employer Contributions Compulsory Housing levy	108,463
Employer contributions to National Industrial Training Authority	6,250
Other Specify	-
<b>Total</b>	<b>5,147,046</b>

**11. Committee Expenses**

Description	<i>Period ended June 2025</i>
	Ksh
Sitting allowance	1,289,000
Other Committee expenses	1,262,665
<b>Total</b>	<b>2,551,665</b>

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**12. Use of Goods and services**

Description	Period ended June 2025
	Kshs
Utilities, supplies and services	181,079
Communication, supplies and services	488,870
Domestic travel and subsistence	803,600
Printing, advertising and information supplies & services	390,148
Office Rent	-
Training expenses	811,200
Hospitality supplies and services	150,000
Insurance costs	14,749
Specialized materials and services	1,761,174
Office and general supplies and services	539,080
Fuel, oil & lubricants	641,000
Bank Charges	33,470
Routine maintenance – vehicles and other transport equipment	450,000
Routine maintenance – other assets	1,309,143
Strategic plan expenses	-
Other operating expenses	928,521
<b>Total</b>	<b>8,502,034</b>

**13. Other Government Units Actual expenditure**

Description	Period ended June 2025
	Kshs
Primary Schools Actual expenditure	60,420,454
Secondary Schools Actual Expenditure	43,305,571
Tertiary Institutions Actual Expenditure	-
<b>Total</b>	<b>103,726,025</b>

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**14. Other Grants and transfers Actual expenditure**

Description	Period ended June 2025
	Kshs
Bursary – secondary schools	36,300,373
Bursary – tertiary institutions	9,265,137
Bursary – special schools	-
Bursary - Education Support programmes	1,000,000
Social Security programmes (SHIF)	-
Security projects Actual Expenditure	7,122,541
Climate change mitigation projects	676,839
Emergency projects Actual Expenditure	1,100,000
Roads projects	-
Others specify	-
<b>Total</b>	<b>55,464,890</b>

**15. Depreciation and Amortization Expenses**

Description	Period ended June 2025
	Kshs
Property Plant and Equipment	232,875
Intangible Assets	-
<b>Total</b>	<b>232,875</b>

**16. Digital Hubs Expenses**

Description	FY 2024 -2025
	Kshs
Construction/ renovation/ Actual expenditure	-
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (specify)	-
<b>Total</b>	<b>-</b>

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**17. Gain/loss on Sale of Assets**

Description	FY 2024-2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<b>Total Gain/loss on Sale of Assets</b>	<b>-</b>

*(Provide brief explanation on gains on sale of fixed assets)*

**18. Impairment Loss**

Description	FY 2024-2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<i>(Include financial instruments that are impaired)</i>	-
<b>Total Impairment Loss</b>	<b>-</b>

*(Provide brief explanation on assets impairment loss)*

**19. Cash and Cash Equivalents**

Name Of Bank and Account No.	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
<i>Cooperative Bank, Account No. 01141195733400 (Operations account)</i>	17,653,881	11,374,301.00
<i>Operations account pending closure (Indicate name &amp; account no.)</i>	-	-
<i>Family Bank, account No. 091000018334 (Deposit account)</i>	1,582,073	825,884.00
<i>Cooperative Bank, Equity Bank, KCB Bank and Family Bank account No. (PMC's account)</i>	63,357,127	59,235,619.00
<b>Total</b>	<b>82,593,081</b>	<b>71,435,804</b>
<b>Cash Balances</b>		
Location 1	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(Provide a schedule of all reconciled PMC bank balances as at the end of the period)*

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**20. Receivables from Exchange Transactions**

Description	FY 2024- 2025	Opening Statement 1 July 2024
	Kshs	Kshs
<b>Total receivables</b>		
Other exchange debtors ( <i>Specify</i> )	-	-
Less: impairment allowance	(-)	(-)
<b>Total receivables</b>	-	-
a. Current receivables	-	-
b. Non-current receivables	-	-
<b>Total Receivables (a+b)</b>	-	-

(NG-CDF Lungalunga to state the expected credit loss rates for various categories of its receivables. The NG-CDF Lungalunga should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

**i. Ageing Analysis for Receivables**

Description	FY 2024-2025		Opening Statement 1 July 2024	
	Kshs		Kshs	
	FY 2024- 2025	% of the total	Opening Balance	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	<b>%</b>	-	<b>%</b>

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21. Receivables from Non-Exchange Transactions

Description	FY 2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	31,474,857		45,246,903	
Outstanding imprest	-		-	
<b>Total</b>	<b>31,474,857</b>		<b>45,246,903</b>	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>FY 2024-2025</b>	<b>% of the total</b>	<b>Opening Balance</b>	<b>% of the total</b>
Less than 1 year	31,474,857	100 %	45,246,903	100 %
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>31,474,857</b>	<b>100 %</b>	<b>45,246,903</b>	<b>100 %</b>

22. Prepayments

Description	Period ended June 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	14,994	-
Prepaid Electricity Costs	-	-
Other Prepayments ( <i>Specify</i> )	-	-
<b>Total</b>	<b>14,994</b>	<b>-</b>

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**23. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Work in progress	Service concession assets	Total
<b>Depreciation Rate</b>		10%	25.00%	20%	12.50%	30.00%			
<b>Cost</b>	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	818,999	-	225,000	-	-	-	1,043,999
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
<b>As At xx Sep/Dec/Mar/ Jun 2025</b>	-	-	818,999	-	225,000	-	-	-	1,043,999
<b>Depreciation And Impairment</b>									
Opening bal accumulated depreciation 1st July 2024	-	-	-	-	-	-	-	-	-
Depreciation	-	-	204,750	-	28,125	-	-	-	232,875
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
<b>As At xx Sep/Dec/Mar/ Jun 2025</b>	-	-	204,750	-	28,125	-	-	-	232,875
<b>Net Book Values</b>									
Opening Bal as at 1 <sup>st</sup> July 2025	-	-	-	-	-	-	-	-	-
<b>As At 30 June, 2025</b>	-	-	614,249	-	196,875	-	-	-	811,124

**Valuation**

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30<sup>th</sup> June 2020).

**22 b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	7,139,603	-	7,139,603
Plant And Machinery	20,880,000	-	20,880,000
Motor Vehicles, Including Motorcycles	13,057,402	-	13,057,402
Computers And Related Equipment	1,126,771	-	1,126,771
Office Equipment, Furniture, And Fittings	2,264,771	-	2,264,771
<b>Total</b>	<b>44,468,547</b>	<b>-</b>	<b>44,468,547</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**24. Intangible Assets**

Description	FY 2024-2025 Kshs
<b>Cost</b>	
Opening balance at 1 <sup>st</sup> July 2024	-
Additions	-
Disposal	(-)
<b>At end of the 2025</b>	-
<b>Amortization and impairment</b>	
At beginning of the year	-
Amortization	-
<b>At end of the year</b>	-
Impairment loss	-
<b>At end of the year</b>	-
<b>NBV at July 1<sup>st</sup> 2025</b>	-
<b>NBV at June 30<sup>th</sup> 2025</b>	

**25. Right-of use assets**

Description	Buildings Kshs	Plant Kshs	Equipment Kshs	Total Kshs
<b>Cost</b>				
As At 1 July (Comparative period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Comparative Period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
<b>Accumulated Depreciation</b>				
As At 1 July 2024 (Comparative period)	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2024 (Comparative period))	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
<b>Carrying Amount</b>				

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As At 30 June 2024 (Current FY)	-	-	-	-
As At 30 June 2025. (Comparative Period)	-	-	-	-

**26. Trade and Other Payables**

Description	FY 2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	-		-	
Employee payables	-		-	
Other payables	-		-	
<b>Total trade and other payables</b>	-		-	
<b>Aging analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

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**27. Third-Party deposits**

	<i>Period ended June 2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Retention as at start of the period (A)	687	687
Retention held during the period (B)	9,198,964	-
Retention paid during the period (C)	6,548,942	-
<b>Closing Retention as at period 2025, D= A+B-C</b>	<b>2,650,709</b>	<b>687</b>

**Retentions aging analysis.**

	<i>FY 2024-2025</i>	<i>% of the total</i>	<i>FY 2023-2024</i>	<i>% of the total</i>
Less than 1 year	<b>2,650,709</b>	98	687	100
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>2,650,709</b>	<b>98%</b>	<b>687</b>	<b>100%</b>

*(The total above should be equal to the closing retention)*

**28. Lease Liabilities**

<i>Description</i>	<i>FY 2024-2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
<b>Balance at the beginning of the year</b>	-	-
Discount interest on lease liability	-	-
Paid during the year	(-)	(-)
<b>At end of the year</b>	-	-

**Maturity Analysis**

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: unearned Interest	(-)
	-

**Analysed as:**

Description	Amount
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

Description	<i>Period ended June</i> <i>2025</i>	<i>Opening Statement</i> <i>1st July 2024</i>
	Kshs	Kshs
Gratuity at the beginning of the period (A)	825,197	825,197
Gratuity held during the period (B)	879,995	-
Gratuity paid during the period (C)	168,990	-
<b>Total Gratuity provision as at period 2025</b> <b>D=(A+B-C)</b>	<b>1,536,202</b>	<b>825,197</b>

**30. Cash Generated from Operations**

	<i>Period ended June 2025</i>
	Kshs
<b>Surplus for the period before tax</b>	<b>(5,149,678)</b>
<b>Adjusted for:</b>	
Depreciation	232,875
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
<b>Working capital adjustments</b>	
Changes in inventory	-
Changes in receivables	13,757,053
Changes in deferred income	-
Changes in Third party deposits	2,650,022
Changes in gratuity provision	711,005
Changes in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>12,201,276</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**31. Financial Risk Management**

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

**i) Credit risk**

The NG-CDF Lungalunga has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the NG-CDF Lungalunga's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	31,474,857	31,474,857	-	-
Bank balances	82,593,082	82,593,082	-	-
<b>Total</b>	<b>114,067,939</b>	<b>114,067,939</b>	-	-
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	45,246,903	45,246,903	-	-
Bank balances	71,435,804	71,435,804	-	-
<b>Total</b>	<b>116,682,707</b>	<b>116,682,707</b>	-	-

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

**AFinancial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the NG-CDF Lungalunga has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The NG-CDF Lungalunga has significant concentration of credit risk on amounts due from xxx. The board of directors sets the NG-CDF Lungalunga's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the NG-CDF Lungalunga's directors, who have built an appropriate liquidity risk management framework for the management of the NG-CDF Lungalunga's short, medium and long-term funding and liquidity management requirements. The NG-CDF Lungalunga manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the NG-CDF Lungalunga under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Third party deposits	200,000	800,000	1,650,709	2,650,709
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	200,000	536,202	800,000	1,536,202
<b>Total</b>	<b>400,000</b>	<b>1,336,202</b>	<b>2,450,709</b>	<b>4,186,911</b>
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Provisions	825,197	-	-	825,197
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>825,197</b>	<b>-</b>	<b>-</b>	<b>825,197</b>

**iii) Market risk**

The *NG-CDF Lungalunga* has put in place an internal audit function to assist it in assessing the risk faced by the *NG-CDF Lungalunga* 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 *NG-CDF Lungalunga's* income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The *NG-CDF Lungalunga's* Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the *NG-CDF Lungalunga's* exposure to market risks or the way it manages and measures the risk.

**Financial Risk Management**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs

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<b>Current FY</b>			
Euro	10%	-	-
USD	10%	-	-
<b>Previous FY</b>		-	-
Euro	10%	-	-
USD	10%	-	-

**a) Interest rate risk**

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

**Management of interest rate risk**

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

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *NG-CDF Lungalunga's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *NG-CDF Lungalunga* considers relevant and observable market prices in its valuations where possible.

**iv) Capital Risk Management**

The objective of the NG-CDF Lungalunga’s capital risk management is to safeguard the NG-CDF Lungalunga’s ability to continue as a going concern. The NG-CDF Lungalunga capital structure comprises of the following funds:

Description	FY 2024-2025 Kshs	Opening Statement 1 <sup>st</sup> July 2024 Kshs
Revaluation Reserve	110,510,270	115,856,823
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	<b>110,510,270</b>	<b>115,856,823</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(82,593,082)	(71,435,804)
Net Debt/ (Excess Cash and Cash Equivalents)	<b>27,917,000</b>	<b>44,421,019</b>
<b>Gearing</b>	0%	0%

### 32. Related Party Disclosures

	<i>FY 2024-2025</i>	<i>Opening Statement 1 July 2024</i>
	<i>Kshs</i>	<i>Kshs</i>
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	2,551,665	3,066,600
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	184,246,903	196,215,033
<b>Total</b>	<b>186,798,568</b>	<b>199,281,633</b>

### 33. Segment Information

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an NG-CDF Lungalunga to present segmental information of each geographic region or department to enable users understand the NG-CDF Lungalunga's performance and allocation of resources to different segments)*

### 34. Contingent Assets and Contingent Liabilities

#### Contingent Assets

<b>Description</b>	<i>FY 2024-2025</i>	<i>Opening Statement 1 July 2024</i>
	<i>Kshs</i>	<i>Kshs</i>
<b>Contingent Assets</b>		
Insurance Reimbursements	-	-
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(Give details)*

### **Contingent Liabilities**

Description	FY 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Contingent Liabilities</b>	-	-
Court Case xx against the NG-CDF Lungalunga	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

### **35. Capital Commitments**

Capital Commitments	FY 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
<b>Total</b>	-	-

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments maybe those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).*

### **36. Events after the Reporting Period**

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

### **37. Ultimate And Holding NG-CDF Lungalunga**

The Lungalunga Constituency is a Fund under The National Treasury and Planning & managed by NG-CDFB at the National level, and the NG-CDFC at the constituency level. Its ultimate parent is the Government of Kenya.

### **38. Currency**

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

**18. Annexes  
Annex 1: Summary of Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs)2022- 2023</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) At Year End 2023-2024</b>
Land				
Buildings and structures	<b>6,450,921</b>		-	<b>6,450,921</b>
Transport equipment	<b>13,057,402</b>	-	-	<b>13,057,402</b>
Office equipment, furniture and fittings	<b>2,264,771</b>	-	-	<b>2,264,771</b>
ICT Equipment, Software and Other ICT Assets	<b>1,126,634</b>	-	-	<b>1,126,634</b>
Other Machinery and Equipment	<b>20,880,000</b>	<b>1,043,999</b>	-	<b>21,923,999</b>
Intangible assets	-	-	-	-
<b>Total</b>	<b>43,779,728</b>	<b>1,043,999</b>	-	<b>44,823,727</b>

*(Attach the complete asset register showing all the assets in the constituency with the date of purchase, cost of the asset, depreciation rate, depreciation for the year, accumulated depreciation and the NBV of the assets)*

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**Annex 2 –PMC Bank Balances As At 30<sup>th</sup> June 2025**

PMC	BANK	ACCOUNT	Bank Balance	Bank Balance
			2024-2025	2023-2024
Kalwembe Primary school	Coop Bank	01100109699001	500,000	906,032
Vumbakuu(Jasini) Primary school	Coop Bank	1100237057001	14,992	759,888
Perani Primary school	Equity Bank	0440285363073	1,425	291,800
Marenje B Primary school	Equity Bank	0440285468678	49,034	3,650,000
Mshiu Primary school	Equity Bank	0440285451729	728,137	6,000,000
Kivuleni primary school	Equity Bank	0440285454663	812	3,650,000
Ngathini primary school	Equity Bank	0440284807312	-	1,972
Masimbani primary school	Coop Bank	01141566898200	2,500,000	-
Masimbani primary school	Coop Bank	01141566898200	2,001,500	1,500
Maro primary school	Coop Bank	0440284560607	-	1,559
Mvumoni primary school	Coop Bank	01100105525001	-	353
Kimwangani Primary school	Equity Bank	0440285449150	1,324	3,650,000
Mtudwini Primary school	Equity Bank	0440285396611	727	3,650,000
Mgombezi primary	Family Bank	091000022499	2,500,000	-
Kidomaya primary	KCB Bank	1342659961	4,000,000	-
Mrima primary school	KCB Bank	1342023943	3,000,000	-
Matope primary school	Coop Bank	01102085540001	3,740,000	-
Kidziweni primary school	KCB Bank	1342023994	3,740,000	-
Wasini primary school	Family Bank	091000022703	3,200,000	-
Mitunguni primary school	Family Bank	091000022721	3,740,000	-
Mzuri primary school	Family Bank	091000022506	4,500,000	-
Mabafweni primary school	KCB Bank	1341680037	6,500,000	-
Kikoneni Junior secondary school	Equity Bank	0440285513919	73,881	-

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PMC	BANK	ACCOUNT	Bank Balance	Bank Balance
			2024-2025	2023-2024
Kikoneni Junior secondary school	Equity Bank	0440285513919	115,690	4,663,295
Mwanguda Junior secondary school	Equity Bank	0440285721424	9,427	-
Mwanguda Junior secondary school	Equity Bank	0440285721424	1,869,548	4,663,296
Mwangulu Junior secondary school	Equity Bank	0440285395686`	10,692	-
Mwangulu Junior secondary school	Equity Bank	0440285395686`	412,601	4,663,296
Lungalunga Junior secondary school	Equity Bank	04402853361583	9,340	-
Lungalunga Junior secondary school	Equity Bank	04402853361583	19,628	2,747,929
Lungalunga Junior secondary school	Equity Bank	04402853361583	29,488	-
Mwananyamala junior secondary school		01101258358001	526,537	-
Tsuini junior secondary school	Coop Bank	01101232935001	518,497	-
Mwamtsefu junior secondary school	Coop Bank	01101258448001	518,049	-
Chigombero Junior secondary school	Coop Bank	01141838074500	5,000,000	-
Majoreni junior secondary school	Coop Bank	01101284524001	519,758	-
Mwakalanga Primary school	KCB Bank	1341699943	500,000	-

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PMC	BANK	ACCOUNT	Bank Balance	Bank Balance
			2024-2025	2023-2024
Perani Primary school	Equity Bank	0440285363073	850,000	-
Mabafweni Primary school	KCB Bank	1341680037	850,000	-
Kasemeni city secondary school	Coop Bank	01100154177001	269,629	-
Kasemeni city secondary school	Coop Bank	01100154177001	2,000,682	8,546
Hon. Chiforomodo sec school	Equity Bank	0440284560722	1,318,491	168,228
Hon. Chiforomodo sec school	Equity Bank	0440284560722	2,002,181	-
Franz josef secondary school	Coop Bank	01101897962001	9,795	280,652
kilimangodo secondary school	Equity Bank	0440285468390	2,867	-
Shimoni secondary school	Coop Bank	01141043769100	-	62,384
Mama Rukia Girls sec schol	Coop Bank	01141839374100	846,738	3,160,583
Jumaboy secondary school	KCB Bank	1341035891	429,479	3,000,000
Magombani secondary school	Coop Bank	01100941034001	3,917,331	3,500,911
Ngozi Girls secondary school	Coop Bank	01101810233001	282,365	357,510
Mwalewa Girls secondary school	Equity Bank	0440285026140	507,059	1,279,186
Kiruku secondary	Coop Bank	01102298546001	500,000	-
Tswaka secondary	Coop Bank	01141565709000	609	-
Mwananyamala secondary school	KCB Bank	1346168431	11,000,000	-
Perani Secondary school	Coop Bank		3,500,000	-

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PMC	BANK	ACCOUNT	Bank Balance	Bank Balance
			2024-2025	2023-2024
Kiwegu Ass. Chiefs' office	Coop Bank	01100105391001	44	1,776
Kiwegu chiefs' office	Coop Bank	01100105239001	-	33
Bengo Police Post	Coop Bank	01100114217001	2,565,108	2,619,890
Lungalunga Police station	Equity Bank	0440285363140	299,264	4,300,000
Pongwe Kidimu ACC's office	Coop Bank	01141839553500	9,100	695,000
lungalunga acc toilet	Coop Bank	01141566759900	45,368	-
Menzamwenye Ass. Chiefs' office toilet	Equity Bank	0440285756949	34,425	500,000
Mrima assistant chiefs' office	Coop Bank	011022216977001	3,000,000	-
Lungalunga Acc office	Coop Bank	01141566759900	218,091	-
Lungalunga Digital hub	Equity Bank	0440286891932	9,034,246	-
<b>Total</b>			<b>94,343,959</b>	<b>59,235,619</b>

**Annex 3: Progress On Follow Up of Auditor Recommendations**

The following is a summary of issues raised by the external auditor, management comments provided to the auditor, and subsequent progress made on resolving the issues.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported Project Management Committee (PMC) Balances –Annex 5 to the financial statements reflects bank balances of Kshs. 59,052,071 held in various Project management Committee (PMC) bank balances. However, the balances were not supported by individual cash books, bank reconciliation statements and certificate of bank balances	The management implemented the recommendations of the Auditor General by maintaining separate Project Management Committees cashbooks and bank reconciliation statements are done monthly	Not Resolved	Awaiting DFAC



Name: Davis Mwasambu Pole  
Fund Account Manager.