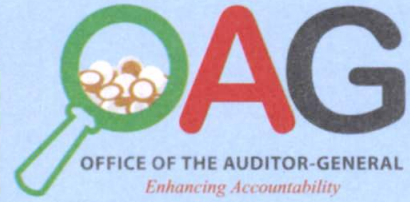


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**UASIN GISHU COUNTY ASSEMBLY  
MORTGAGE AND CAR LOAN SCHEME FUND**

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

PAPERS LAID	
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**UASIN GISHU COUNTY ASSEMBLY MORTGAGE AND CAR LOAN  
SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2025**

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

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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## **1. Acronyms and Glossary of terms**

### *a) Acronyms*

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Statements
CPA	Certified Public Accountant
DOB	Date of Birth
KSHS	Kenyan Shillings
LLB	Latin Legum Baccalaureus or Bachelor of Legislative Law

### *b) Glossary of Terms*

Fiduciary Management Member	The key management personnel who had financial responsibility Member of County Assembly
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**2. Key Entity Information and Management**

**a) Background information**

Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulation, 2014). The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

**b) Principal Activities**

The fund's objective is to provide Mortgage and Car Loan Scheme for purchase, development, renovation or repair of residential Property or Car by members' of the scheme.

The Fund's principal activity is to provide members of the scheme with loans as per the scheme's regulations.

**c) Board of Trustees/Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Hon. Julius Sang	Chair
2	Hon. Francis Muya	V. chair
3	Hon. Samuel Sawe	Member
4	Hon Carolyne Cheronno	Member
5	Shadrack Choge	Fund Administrator
6	Lazarus Kemboi Bii	Fund Accountant
7	Michelle Saina	Legal Officer

**d) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Shadrack Choge	Fund manager
2	Lazarus Kemboi	Fund Accountant
3	Peter Ouyo	Principal Finance officer
4	Sally Jesang	Principal Accountant

**e) Fiduciary Oversight Arrangement**

**Public Accounts and Investment Committee**

P.O. Box 100-30100

Uganda Road

**Eldoret, KENYA**

**Public Accounts and Investment Committee**

P.O. Box 41842-00100

Parliament Road

**Nairobi, KENYA**

**f) Registered offices**

County Assembly Building

P.O. Box 100-30100

Uganda Road

**Eldoret, KENYA**

**(f) Fund Contacts**

Telephone: (254) 053-2062077

E-mail: [info@ugcountyassembly.or.ke](mailto:info@ugcountyassembly.or.ke)

Website: [www.ugcountyassembly.or.ke](http://www.ugcountyassembly.or.ke)

**(g) Fund Bankers**

- 1) Access Bank Ltd  
P.O Box 4306-100  
**Nairobi, Kenya**
- 2) KCB Bank Ltd  
Eldoret West Branch  
P.O. Box 5197-30100  
**Eldoret, Kenya.**
- 3) Family Bank  
Eldoret branch  
P.O Box 629-30100  
**Eldoret, Kenya**

**(h) Independent Auditors**

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

**(i) County Attorney**

Uasin Gishu County Attorney  
P.o Box 40-30100  
**Eldoret, Kenya**





**(j) Principal Legal Adviser**

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

**(k) Central Bank**




Director General  
Central Bank of Kenya  
P.O Box 60000-00100  
**Nairobi-Kenya**

**3. The Board of Trustees**



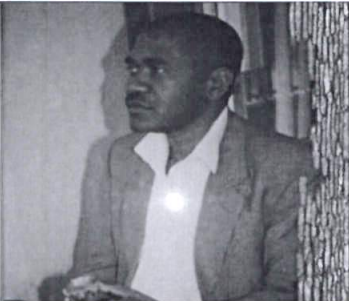

Name	Details of qualifications and experience
 1. Hon. Julius Sang	<p><b>Independent Director</b>                      DOB: 21<sup>st</sup> Jul 1968</p> <p>Member of Fund Management Committee since 2022</p> <p>Hon. Julius Sang served as a Councillor for the defunct Local Authority for a period of Five Years. During his term as the Councilor he served as the Chairperson of Finance Committee.</p> <p>He is now serving his second term as a Member of County Assembly and also as the Assembly's Leader of Majority.</p>
 2. Hon. Francis Muya	<p><b>Independent Director</b>                      DOB: 13<sup>th</sup> Jun 1976</p> <p>Member of Fund Management Committee since 2022</p> <p>Hon. Francis Muya is a seasoned politician serving his third term as a Member of the County Assembly and also as the Assembly's Leader of Minority. He previously served as Councillor for the defunct Municipal Council of Eldoret for a period of Five Years. During his term as the Councilor he served as a Member of the Finance Committee.</p>
 3. Hon. Samuel Sawe	<p><b>Independent Director</b>                      DOB: 2<sup>nd</sup> Sep 1976</p> <p>Member of the Fund Management Committee since 2022</p> <p>Hon. CPA. Samuel Sawe is an accountant by profession serving his first term as a member of County Assembly representing Kamagut Ward. He is the current Chairperson of the Committee on Finance, Budget and Appropriation.</p>
 4. Hon. Caroline Cherono	<p><b>Independent Director</b>                      DOB: 12<sup>th</sup> Dec 1985</p> <p>Member of the Fund Management Committee since 2022</p> <p>Hon. Caroline Cherono is an holder of two Masters Degrees. She is serving her first term as a member of County Assembly representing gender. She is the current Vice Chairperson of the Committee on Devolution and Public Administration and also a member of the Committee on Finance, Budget and Appropriation.</p>

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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 <p>5. Shadrack Choge</p>	<p>Fund Manager (Executive Director)            Master's Degree            DOB:31<sup>st</sup> May 1976            Joined the Committee in 2018            He served previously in private sector for fifteen Years before joining the public service in May, 2018 as Clerk to the County Assembly of Uasin Gishu.</p>
 <p>6. Lazarus Kemboi</p>	<p>Fund Accountant (Executive Director)            Master's Degree, CPA (K)            DOB: 31<sup>st</sup> Dec 1975            Member of Fund Management Committee since 2014            CPA Lazarus served in different capacities in the defunct Local Authority for fifteen years rising to the position of Senior Accountant. He then moved to the Uasin Gishu County Assembly where he has served as Principal Finance Officer, Principal Fiscal Analyst and Now as Principal Accountant.</p>
 <p>7. MichelleSaina</p>	<p>Bachelor's Degree LLB (Executive Director)            Member of Fund Management Committee since 2014            DOB: 19<sup>th</sup> May 1982            Ms. Michelle Saina is an advocate of High Court of Kenya with experience of <b>over ten years</b> practicing law. She has served for two private Law firms in Eldoret Town namely Gicheru &amp; Company Advocates and Mburu &amp; Associates advocates. Since 2014 she has been serving as the legal Counsel of the County Assembly of Uasin Gishu.</p>

**4. Management Team**

Name	Details of qualifications and experience
 1. Shadrack Choge	Clerk of the County Assembly Fund Manager Master's Degree  DOB: 31 <sup>st</sup> May 1976 Work Experience: 28 Years
 2. Lazarus Kemboi	Principal Accountant Fund Accountant Master's Degree, CPA (K)  DOB: 31 <sup>st</sup> Dec 1975  Work Experience: 28 Years
 3. Peter Ouyo	Principal Fiscal Analyst Master's Degree  DOB: 25 <sup>th</sup> Dec 1967  Work Experience: 34 Years
 4. Sally Jesang	Principal Finance Officer Master's Degree, CPA (K)  DOB: 25 <sup>th</sup> April 1977  Work Experience: 18 years

## **5. Board/Fund Chairperson's Report**


It is my pleasure to present the annual financial reports and statements for the Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund for the year ending 30<sup>th</sup> June 2025. This report is tabled for your consideration and discussion as part of the annual general meeting.

During the year under review the fund received interest of Kshs 6,637,072 from its operations.

The membership of the Board of Trustees is as it were in the previous Financial year. This enabled the fund to run smoothly since there were no interruptions in the day to day management of the fund.

The key development objective of the Fund as per the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulation, 2014) is to enable all Staff Members and Members of County Assembly to be home owners and to acquire a motor vehicle. This will enabled them execute their mandate effectively.

The Fund also aims at automating its operations in order to enhance accountability and a safety of its records.

SIGN:   
**HON. JULIUS SANG**

## **6. Report of The Fund Administrator**

The Uasin Gishu County Assembly Car Loan and Mortgage Scheme Fund was established in the year 2014 with an initial Allocation of Kshs. 225,000,000. In Financial Years (FYs) 2016/2017 and 2020/2021 the County Assembly enhanced the fund by Ksh 15,100,000 and 3,900,000 respectively bring the total share capital to Kshs 244,000,000.

During the Financial Year 2024/ 2025 the fund did disburse at total of Kshs 53,312,274 as loans to members of the scheme. The Fund earned interest of Ksh 6,637,072 from its operations and recovered loans amounting to Kshs 59,019,563.

The Fund also received and disbursed a total of Kshs 8,848,000 as Car Reimbursement to Honorable Members who had not received their funds. Currently all members have received their Car Reimbursement amount of Kshs 2,212,000.

The major risk that is associated with the fund is the default risk. Adequate measures have been put in place to mitigate the fund against this risk.

The entities that are related with the Fund include those who have ability to exercise control or exercise significant influence over its operations and financial decisions. The fund is related with the following entities;

- a) Uasin Gishu County Assembly Service board
- b) Uasin Gishu County Assembly
- c) Uasin Gishu County Government

I would like to thank the County Assembly Service Board, the Chair and Members of County Assembly Car Loan and Mortgage Scheme Fund, County Assembly Members and Staff for their continued support and I look forward to realizing our future together.

Am glad therefore, to forward the financial statement in respect to Car Loan and Mortgage scheme Fund, for period ending 30<sup>th</sup> June, 2025.

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

**SHADRACK CHOGE**

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

**Introduction**

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

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Loans to Members of the fund</b>	To provide car loan and mortgage to honourable members of the County Assembly and staff	Increased number of beneficiary of the facilities being offered by the Fund to atleast 5 in Financial Year 2024/25	10% of the total number of staff to access the facility annually	Due to limited funding we were able to issue loans to two (2No.) instead of the five (5) Staff as per the target of the fund during the year under review. This was as a result of the new nominated Members who had not received their mortgages

## **8. Corporate Governance Statement**

During the financial year, the principal activities of the Fund consisted of issuance of new loans and recovery the loans advanced to members of the scheme to ensure compliance with the statutory requirements and overall prudent management of the Fund.

### **FUND COMMITTEE MEMBERS**

The following persons were the fund committee members for the financial year ended 30<sup>th</sup> June 2025. This means that there were no changes in the Fund management during the year under review;

- Hon. Julius Sang (Chairman)
- Hon. Francis Muya (Vice Chair)
- Hon. Samuel Sawe (Member)
- Hon. Carolyne Cherono (Member)
- Shadrack Choge (Fund Administrator)
- Lazarus Kemboi (Fund Accountant)
- Michelle Saina (Legal Officer)

The above members were appointed based on the fund regulations that states that; the chair of the committee shall be the leader of the majority deputised by leader of minority and members are; Chair Finance and Planning Committee, one member of the County Assembly nominated by the members of the County Assembly, Clerk to County Assembly who shall be the fund Administrator, Head of Budget/Finance who shall be the fund Accountant and Legal Officer.

The main role of the committee is to:-

- a) Process application for loans in accordance with the existing terms and condition of borrowing;
- b) Liaise with the housing company (if any) to set-up a revolving fund for the disbursement of loans;
- c) Supervise the day to day running of the fund.

Members to the Car Loan and Mortgage Committee are paid sitting allowances whenever they meet to discharge their duties.

The Committee Members are required to declare their interest during the discharge of their duties to avoid Conflict of Interest. They are also guided by the institution code of ethics and their conduct is subject governance audit.

The Committee held 18 meetings during the financial year. All members attended the said meetings which was majorly to review the performance of the Fund and ensure loan repayments by members of the County Assembly adhere to the time lines. The meetings also focused on approval and issuance of loans to the new members of the Fund. The Management committee is in the process of developing a charter for the Fund, Communication policy, Policy on Related Parties Transactions and Policy on Bad and Doubtful Debt which is expected to be approved soon. The term of office for four members Fund Management members including the Chairman will come to an end in August 2027.

## **9. Management Discussion and Analysis**

The Fund grew by Ksh 6,637,072 in the Financial year under review. This is attributed to interest of 3% per Annum earned on the loans disbursed as required by SRC and Fund regulations.

The amount of outstanding loan balance was kshs 201,803,104 at the close of Financial year 2023/2024. The outstanding loan balance is Kshs 194,539,861 for the current financial year. The major risk on the management of this fund is default risk that may arise due to changes in Constitution and Laws that may affect employment contracts, retirement age and wage bill. This will definitely affect servicing of the loan bearing in mind they were not factored in during the insurance of the loans.

The Fund has no material arrears in statutory and other financial obligation since the fund is in compliance with the statutory requirement.

During the financial year ending 30<sup>th</sup> June, 2017 the County Assembly enhanced the fund by Ksh 15,100,000. In the financial year (2017/18) the Assembly disbursed Ksh 245,499,900 to the Members of Second County Assembly and Staff, Ksh 21,439,304 in (2018/19), Ksh 16,706,478 in the FY 2019/2020 and a further Ksh 24,394,448 in the FY 2020/2021.

During the year ended 30<sup>th</sup> June, 2022 the fund did not disburse loans to members of the scheme. The fund earned interest of Ksh 3,111,460 from its operations as indicated in the financial statement as at 30<sup>th</sup> June, 2022.

In the Financial year 2024/25, the fund Net assets dropped to Ksh 306,581,351 from Ksh 309,358,754 in the Financial year 2023/2024.

The fund did not carry out any investment activity during the year, however the fund committee took most of the time to ensure that loans are issued to new members of the County Assembly.

The Fund did not pay social security benefits for its employees since the management and employees of the fund are employees of the County Assembly employed by the County Assembly service board.

The Car Loan and Mortgage Scheme Fund had a revolving fund of Ksh 144,000,000 at the close of Financial year 2021/2022. During the financial year 2022/23, the same was enhanced to kshs 244,000,000 bringing in additional capital of kshs 100,000,000 to the Fund. The fund has a total accumulated reserves of Kshs 65,358,754 and Kshs (2,777,403) being deficit for the year. These reserves arose due to surplus made by the fund from 2014/2015 financial year to date. The

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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surplus is ploughed back as loans to members since the fund is yet to meet the demand of its members.

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

Uasin Gishu County Assembly Chambers and Offices building has been certified by relevant authority for occupation. The Assembly led by the Honourable speaker planted over 2,000 tree seedling at Kapseret forest in year 2024. The Assembly recognizes the importance of safeguarding environment and also mindful of the future generations.

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

The Assembly as part of its sustainability measures ensured that there is monitoring and evaluation framework that guarantees its operations do not affect (negatively) future implementation

### **II. Environmental performance**

Uasin Gishu County Assembly Chambers and Offices building has been certified by relevant authority for occupation in compliance with the policy on Occupational Safety and Health Act of 2007, (OSHA)

### **III. Employee welfare**

The County Assembly has a department, welfare committee and training committee that takes care of general wellness of the Assembly staff and members. It also takes care of working conditions, capacity building, career growth, benefits, sports, grievance and representation issues relating to the welfare of the staff. It has mandates like being voice of the people, handling wellness of the staff members, handling staff complains and sensitizing staff on the importance of the welfare as well as implementation of the policy. Also in place is a safety and health committee, which deals with safety of the staff, and Members.

### **IV. Market place practices**

The organization should outline its efforts to:

#### **a) Responsible competition practice**

County Assembly of Uasin Gishu does not engage in competition practices rather its operations are guided by the provisions of the law that stipulates its mandate as legislation, presentation and oversight.

#### **b) Responsible Supply chain and supplier relations**

County Assembly of Uasin Gishu endeavor to maintain good relationship with its suppliers. We fast track the payments of suppliers by honoring their contracts as soon as we get funding from the National Treasury. As a result of this practice the Assembly has minimal pending bills.

**c) Responsible marketing and advertisement**

In compliance with the provisions of Public Procurement and Disposal Act, 2015 the Assembly always advertises for works, goods and services it intend to acquire. This practice ensures the Assembly get works, good and services at a better prices.

**d) Product stewardship**

Uasin Gishu County Assembly has safeguarded all its goods and Services providers through respective departments.

**V. Community Engagements**

The Assembly participated in tree planting exercise, blood donation exercise, public awareness on government services.

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**11. Report of the Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

**Principal activities**

The principal activity of the Fund is to issue loans to members of the scheme and ensure the same is recovered accordingly.

**Results**

The results of the Fund for the year ended 30<sup>th</sup> June ,2025 are set out on page 3-6.

**Fund Management Committee**

The members of the Fund Management Committee who served during the year are shown on page (iii). There has been no changes in the Fund Committee since inception of the third Assembly in the Financial year 2022/2023.

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Fund Committee.

.....  


**Chair of the Fund Administration Committee**

**Date:** 11/11/2025

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

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund and as established by The Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund Act, 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

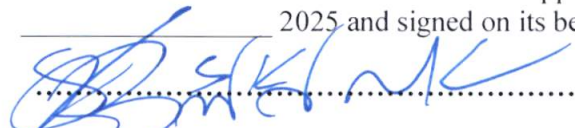
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025 and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

The Fund’s financial statements were approved by the Fund Management Committee on \_\_\_\_\_ 2025 and signed on its behalf by:

  
.....  
**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY ASSEMBLY MORTGAGE AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund set out on pages 1 to 28, which comprise of the

---

*Report of the Auditor-General on Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund for the year ended 30 June, 2025*

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulations, 2014.

### **Basis for Qualified Opinion**

#### **Non-performing Long-Term Loans**

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.194,539,861 as disclosed in Note.12 to the financial statements. Examination of the loan records provided for audit revealed that loan amounting to Kshs.31,351,352 in respect ten (10) borrowers were not performing during the year.

In the circumstances, the accuracy and recoverability of the long-term receivables from exchange transactions balance of Kshs.31,351,350 could not be confirmed.

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

### **Emphasis of 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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there were no other key audit matters to communicate in my report.

## Other Matter

### Unresolved Prior Year Audit Matters

In the audit report of the previous year, nine (9) issues on the Report on the Financial Statements, four (4) issues on Report on Lawfulness and Effectiveness in the Use of Public Resources and one (1) issue on the Report on Effectiveness of Internal Controls, Risk Management and Governance were raised. The issues have remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding as shown in the table below;

Year	Issue
2023-2024	Presentation, Accuracy and Disclosures in the Financial Statements
2023-2024	Unsupported other income
2023-2024	Incomplete recording of interest income
2023-2024	Unsupported payment of car reimbursement to members
2023-2024	Unreconciled Cash and cash equivalents
2023-2024	Receivables from exchange transactions
2023-2024	Trade and other payables from exchange transactions.
2023-2024	Outstanding loans
2023-2024	Non performing long term loans
2023-2024	Irregular lending of fund's resources to the County Assembly
2023-2024	Irregular car reimbursement to members
2023-2024	Issuance of unsecured loans
2023-2024	None charging and remittance of fringe benefits tax
2023-2024	Irregular issuance of Loans

### Other Information

Management are responsible for the Other Information set out on pages iv to xvii which comprise of Key Entity Information and Management, The Board of Trustees Management Team, Board/Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

I conclude that there is a material misstatement of this Other Information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Adverse Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Irregular Lending of Fund's Resources to the County Assembly**

The statement of cash flows reflects repayment of borrowings amount of Kshs.72,530,226. The borrowings relate to funds advanced to the County Assembly of Uasin Gishu by the Fund under undisclosed terms. This contravened regulation 3 of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund) Regulations, 2014 which states that the object and purpose of the Fund shall be to provide mortgage and car loan scheme for the purpose, development, renovation or repair of residential property or car by members of the scheme. Further, the respective Note 18 to the financial statements could not be traced.

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

#### **2. Absence of a Service Charter**

Review of documents revealed that the Fund operated without a service charter. This was contrary to Article 232(1)(c) of the Constitution of Kenya, 2010 and Section 8(2) of the Public Service (Values and Principles) Act, 2015.

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

#### **3. Non-Compliance with Ethnic Diversity and Gender Balance**

Review of documents revealed that Management did not comply with ethnic diversity and gender balancing as the entire composition of both seven (7) Member Committee and the four (4) Management Team were drawn from a single ethnic community translating to 100% each. This was contrary to the requirement of Section 7(2) of the National Cohesion

and Integration Act, 2008, which states that no more than one-third of employees in a public institution should be from the same ethnic group.

Further, gender balance was not observed in the Management Team where only one out of the four members was from the female gender translating to 25% contrary to Section B.5 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which requires adequate and equal opportunities for all genders.

#### **4. Illegal Existence of the Fund**

The Fund was established on 06 June, 2014 to operate for 10 years, expiring on 05 June, 2024. As at the time of audit in the month of October, 2025, there was no documented evidence of renewed approvals from the County Executive Committee and County Assembly. The Fund's legal existence expired on 5 June, 2024, however, the Fund continues to operate. This was contrary to Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, requiring that the initial approval for the establishment of a county public fund is valid for a maximum period of 10 years. Beyond this period, renewed approvals from the County Executive Committee and County Assembly are required.

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

#### **5. Failure to Automate Loan System**

Review of the documents revealed that the Fund had disbursed a total of Kshs.323,140,130. However, the Fund continues to maintain its books of account manually using excel spreadsheets including loan interest. This was contrary to Article 201 of the Constitution of Kenya, 2010 which states that: (d) public money shall be used in a prudent and responsible way. Further, (e) asserts that financial management shall be responsible, and fiscal reporting shall be clear.

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

#### **6. Failure to Charge Fringe Benefits Tax on Loans**

Review of the loan amortization schedules revealed that the Fund had disbursed loans amounting to Kshs.53,312,274 during the year. However, Management did not provide evidence of charging the applicable fringe benefit tax of Kshs.1,759,305 to the tax authorities. This was in contravention to the provisions of Income Tax Act Cap.470 12B(1) which states that notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12 June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate to an individual who is a director or an employee or is a relative of a director or an employee by virtue of his position as director or his employment or the employment of the person to whom is related.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE 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, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Irregular Issuance of Loans**

Review of the loan schedules revealed that the Fund had disbursed loans amounting to Kshs.53,312,274. However, there were mortgage loans that were disbursed to members without approved copies of designs of the processed residential property, bills of quantities in respect of the proposed developments, renovations or repairs and official search of the title to the property intended to be purchased contrary to Regulation 9(1) of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund) Regulations, 2014.

Further, some loan applications did not have valuation reports of the property to be purchased, loan application forms and clearance certificates of the previous loans. In addition, it was observed that in some cases, loans were issued even though the loan applications were rejected and in other cases, the loan repayment amounts and period was not indicated.

In the circumstances, Management of the Fund did not follow the procedures specified in the Regulations when disbursing loans exposing the Fund to potential loss of funds.

#### **2. Lack of Internal Audit Reviews and Absence of Audit Committee**

Review revealed that the Fund had not subjected its operations and financial activities to internal audit. This was contrary to Regulation 153 of the Public Finance Management Regulations, 2015. Further, the Fund did not have an Audit Committee in place, contrary to Section 73(5) of the Public Finance Management Act, 2012 read together with Regulation 167 of the Public Finance Management Regulations, 2015. As a result, the Fund lacked a structured mechanism for independent oversight, assurance on risk

management, evaluation of internal controls, and monitoring of both financial and non-financial performance systems.

In the circumstances, the effectiveness of oversight on internal controls could not be confirmed.

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 Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing 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

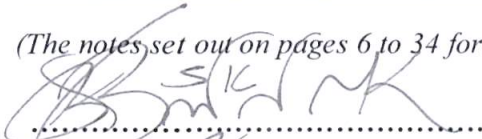
05 December, 2025

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

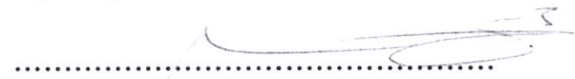
**14. Statement of Financial Performance for Year Ended 30<sup>th</sup> June 2025**

	Note	2024/2025	2023/20234
		KES	KES
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Fines, penalties and other levies			
<b>Revenue from exchange transactions</b>			
Interest income	4	6,637,072	7,164,591
Other income			
<b>Total revenue</b>		<b>6,637,072</b>	<b>7,164,591</b>
<b>Expenses</b>			
Fund administration expenses			
General expenses			
Use of goods and services	7	9,414,475	23,078,483
<b>Total expenses</b>		<b>- 2,777,403</b>	<b>23,078,483</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets			
<b>Surplus/( deficit)for the period</b>		<b>- 2,777,403</b>	<b>- 15,913,892</b>

*(The notes set out on pages 6 to 34 form an integral part of these Financial Statements)*



**Name: Shadrack Choge**  
**Administrator of the Fund**



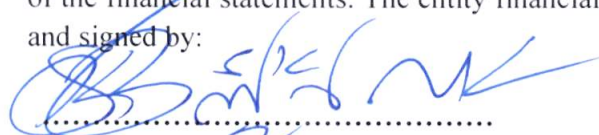
**Name: Lazarus Kemboi**  
**Fund Accountant**  
**ICPAK Member Number:7993**

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

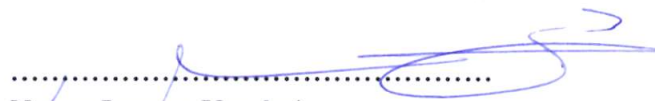
**15. Statement of Financial Position as at 30<sup>th</sup> June 2025**

	Note	2024/2025	2023/2024
		KES	KES
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	54,496	317,550
Current portion receivables from exchange transaction	12	112,078,594	109,584,353
		<b>112,133,090</b>	<b>109,901,903</b>
<b>Non-current assets</b>			
Property, plant and equipment			
Long term receivables from exchange transactions	12	194,539,861	201,803,104
<b>Total assets</b>		<b>306,672,951</b>	<b>311,705,007</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	91,600	91,600
Provisions			
Current portion of borrowings			
Employee benefit obligations	6	-	2,254,653
<b>Total Current Liabilities</b>		<b>91,600</b>	<b>2,346,253</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation			
Long term portion of borrowings			
<b>Total liabilities</b>			
<b>Net assets</b>		<b>306,581,351</b>	<b>309,358,754</b>
Revolving Fund		244,000,000	244,000,000
Reserves/Surplus for the year		-2,777,403	-15,913,892
Accumulated surplus		65,358,754	81,272,646
<b>Total net assets and liabilities</b>		<b>306,581,351</b>	<b>3,092,421,087</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11/11/2025 and signed by:



Name: Shadrack Choge  
 Administrator of the Fund

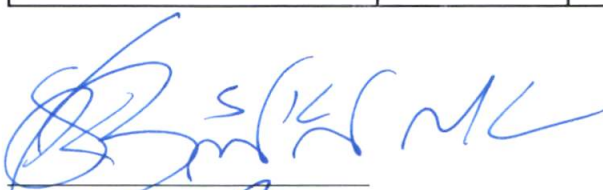



Name: Lazaus Kemboi  
 Fund Accountant  
 ICPAK Member Number:7993

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**16. Statement of Changes in Net Assets as at 30<sup>th</sup> June 2025**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2023</b>	244,000,000	-	81,272,646	<b>325,272,646</b>
Surplus for the period	-	-	-15,913,892	<b>15,913,892</b>
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30<sup>th</sup>JUNE 2024</b>	<b>244,000,000</b>	-	<b>65,358,754</b>	<b>309,358,754</b>
				-
<b>Balance as at 1 July 2024</b>	<b>244,000,000</b>	-	<b>65,358,754</b>	<b>309,358,754</b>
Deficit for the period	-	-	-2,777,403	<b>2,777,403</b>
Revaluation gain	-	-	-	-
<b>Balance as at 30<sup>th</sup>JUNE 2025</b>	<b>244,000,000</b>	-	<b>62,581,351</b>	<b>306,581,351</b>

  
 Fund Administrator  
**Name: Shadrack Choge**

  
 Fund Accountant  
**Name: Lazarus Kemboi**  
 ICPAK Member Number: 7993

*Uasin Gishu County assembly mortgage and car loan scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received	4	5,938,373	7,164,591
Receipt from members deductions on loan not issued	6	-	2,254,653
<b>Total receipts</b>		<b>5,938,373</b>	<b>9,419,244</b>
<b>Payments</b>			
General expenses-	7	546,000	-
Bank charges	7	20,475	25,523
Other payments	12, 18	75,024,467	54,650,757
<b>Net cash flows from operating activities</b>		<b>- 69,652,569</b>	<b>- 45,257,036</b>
<b>Cash flows from investing activities</b>			
Payments of car re-reimbursement	7	8,848,000	23,052,960
Proceeds from loan principal repayments	5	59,019,563	33,860,360
Loan disbursements paid out	12	53,312,274	35,369,290
<b>Net cash flows used in investing activities</b>		<b>- 3,140,711</b>	<b>- 24,561,890</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	18	72,530,226	69,456,983
<b>Net cash flows used in financing activities</b>		<b>72,530,226</b>	<b>69,456,983</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>- 263,054</b>	<b>- 361,943</b>
Cash and cash equivalents at 1 July	11	317,550	679,493
<b>Cash and cash equivalents at 30 June</b>	11	<b>54,496</b>	<b>317,550</b>



.....  
**Name: Shadrack Choge**  
**Administrator of the Fund**



.....  
**Name: Lazarus Kemboi**  
**Fund Accountant**  
**ICPAK Member Number:7993**

*Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement of Comparison of Budget And Actual Amounts for the Period Ended 30<sup>th</sup> June 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%
	2024/25	2024/25	2024/25	2024/25	2024/2025	
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>%</b>
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	-	-	-	-	-	-
Interest income	6,650,000	-	6,650,000	6,637,072	- 12,928	99.80%
Other income- Principal Repayment	58,320,864	-	58,320,864	59,019,563	698,699	101%
<b>Total income</b>	<b>64,970,864</b>	<b>-</b>	<b>64,970,864</b>	<b>65,656,635</b>	<b>685,771</b>	<b>101.06%</b>
<b>Expenses</b>						
Fund administration expenses	550,000		550,000	546,000	4,000	99%
General expenses	21,000	-	21,000	20,556	444	98%
Car reimbursement	8,848,000		8,848,000	8,848,000	-	100%
Loans disbursement	53,350,000		53,350,000	53,312,274	37,726	99.90%
<b>Total expenditure</b>	<b>62,769,000</b>	<b>-</b>	<b>62,769,000</b>	<b>62,726,830</b>	<b>42,170</b>	<b>99.93%</b>
<b>Surplus for the period</b>	<b>2,201,864</b>	<b>-</b>	<b>2,201,864</b>	<b>2,929,805</b>	<b>643,601</b>	

**Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**19. Notes to the Financial Statements**

**1. General Information**

Uasin Gishu County Assembly mortgage and car loan scheme is established by and derives its authority and accountability from public finance management (Uasin Gishu County Assembly mortgage and car loan scheme fund) Regulations 2014. The entity is wholly owned by the County Assembly of Uasin Gishu and is domiciled in Kenya. The entity's principal activity is to provide members of the scheme with loans to members as per the schemes regulations and salaries and remunerations commission's guidelines.

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

The Fund's financial statements have been prepared in accordance with and in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

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

Standard	Applicable from and impact:
IPSAS 43	<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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

**Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

**Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

***iii) Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

*Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

Transfers from other government entities

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

**ii. Revenue from exchange transactions**

*Interest income*

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

**b) Budget information**

The original budget for FY 2024-2025 was approved by the County Assembly on 28<sup>th</sup> **June 2025**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There was no additional appropriation approvals added to the original budget by the entity.

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

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

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

**c) Property, plant and equipment**

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

**a) Intangible Assets**

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

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

**a) Financial instruments**

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

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

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

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are recognized as well as through the effective interest method amortization process.

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Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**b) Inventories**

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**c) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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

***Contingent liabilities***

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

***Contingent assets***

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

**d) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. The reserve were maintained by fund are derived from the surpluses made during the funds operations. These reserves are currently used as capital and loaned to members.

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

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

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

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

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

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

***Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund***  
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**g) Foreign currency transactions**

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

**h) Borrowing costs**

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

**i) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the fund management Committee, fund Manager and senior managers.

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**k) Comparative figures**

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

**l) Currency**

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

**m) 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

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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 e.g.

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

**b) Useful lives and residual values**

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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.

The fund did not make provisions for bad debts and provisions for obsolete stocks.

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**6. Notes to the Financial Statements**

The fund did not receive public contributions and donations

**4. Interest income**

Description	2024/2025	2023/2024
	KShs	KShs
Interest income from Mortgage loans and Car loans	6,637,072	7,164,591
<b>Total interest income</b>	<b>6,637,072</b>	<b>7,164,591</b>

The amount of Kshs 6,637,072 indicated as interest income is revenue received from loans issued to members comprising of both car loans and mortgage of the Fund during the financial year

**5. Other income**

Description	2024-2025	2023-2024
	Kshs	Kshs
Principal amount recovered during the year	59,019,563	33,860,360
<b>Total Other Income</b>	<b>59,019,563</b>	<b>33,860,360</b>

The principal amount recovered from loans issued during the year under review is kshs 58,320,864

**6. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Recoveries on loans not issued to members	-	2,254,653
<b>Total</b>	<b>-</b>	<b>2,254,653</b>

The employee cost of ksh 2,254,653 in financial year 2023/24 relates to recoveries made in respect of loans that were to be issued to members of the Fund. The said loans were issued during the year hence there were no outstanding employee cost during the current financial year.

**7. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Payment of car reimbursement to members	8,848,000	23,052,960
Travelling Allowances	546,000	-
Bank Charges	20,475	25,780
commissioner of domestic Tax (fringe benefit tax )	-	7,267,716

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Total	<b>9,414,475</b>	46,805,096
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**11. Cash and cash equivalents**

Description	2024/2025	2023/2024
	KShs	KShs
Access Bank- Mortgage and Car Loan Account	52,870	54,020
KCB Bank- Mortgage and Car Loan Account	0.00	37,532
Family Bank	1,626	225,998
<b>Total cash and cash equivalents</b>	<b>54,496</b>	<b>317,550</b>

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

Financial institution	Account number	2024/2025	2023/2024
		KShs	KShs
<b>a) Fixed deposits account</b>			
Access Bank		--	--
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) Current Account</b>			
Access Bank	0030130000053	52,870	54,020
Kenya Commercial bank	1198735740	0.00	37,532
Family Bank	085000067887	1,626	225,998
<b>Sub- total</b>			
<b>c) Others(specify)</b>			
Cash in transit			-
Cash in hand			-
M -Pesa			-
<b>Sub- total</b>			-
<b>Grand total</b>		<b>54,496</b>	<b>317,550</b>

**12. Receivables from exchange transactions**

Description	2024/2025	2023/2024
	KShs	KShs

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<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due		
Other exchange debtors-Uasin Gishu County Assembly	112,078,594	109,584,353
Less: impairment allowance		-
<b>Total Current receivables</b>	<b>112,078,594</b>	<b>109,584,353</b>
<b>Non-Current receivables</b>		
Long term loan repayments due	194,539,861	201,803,104
<b>Total Non- current receivables</b>	<b>194,539,861</b>	<b>201,803,104</b>
<b>Total receivables from exchange transactions</b>	<b>306,672,951</b>	<b>311,387,457</b>

**Additional disclosure on interest receivable**

Description	2024/2025	2023/2024
		KShs
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>	-	-
Current portion of long-term loans from previous years	109,584,353	201,803,104
Accrued principal from long-terms loans from previous periods	194,539,861	109,584,353
Current portion of long-term loans issued in the current year	48,698,060	17,613,606

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

**13. Trade and other payable s from exchange transactions**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	<b>91,600</b>	<b>91,600</b>
		-
<b>Total trade and other payables</b>	<b>91,600</b>	<b>91,600</b>

**14. Borrowings**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Balance At Beginning of The Period</b>	<b>109,584,353</b>	<b>111,246,142</b>
External Borrowings During the Year		
Borrowings by the county assembly from the Fund During the Year	75,024,467	67,795,194
Repayments by county Assembly for Borrowings obtained from the Fund During the Period	72,530,226	69,456,983
<b>Balance due to the Fund at End of the Period</b>	<b>112,078,594</b>	<b>109,584,353</b>

The above borrowings relate to borrowings from the Fund by the related party, Uasin Gishu County Assembly during the financial year under review.

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

**15. Cash generated from operations**

	2024/2025	2023/2024
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>		-
<b>Adjusted For:</b>		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	5,938,373	7,164,591
Receipts from other operating activities	-	-
Receipt from county Treasury	-	-
Receipt from recoveries on loans not issued	-	2,254,653
<b>General expenses</b>	546,000	-
bank charges	20,475	25,523
Other payments	75,024,467	(54,650,757)
<b>Net Cash Flow From Operating Activities</b>	<b>(69,652,569)</b>	<b>(45,257,036)</b>

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

**Other Disclosures**

**16. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	2024/2025	2023/2024
	Shs	KShs
Transfers From Related Parties'	72,530,226	69,456,983
Transfers To Related Parties	75,024,467	54,650,757

The Fund transfer to and from related parties relates to transfer to County Assembly from the Fund and transfer back to the Fund.

**c) Due from related parties**

	2024/2025	2023/2024
	Shs	KShs
Due From Parent Ministry		
Due From County Assembly	112,078,594	109,584,353
<b>Total</b>	<b>112,078,594</b>	<b>109,584,353</b>

The amount due from related party relates to the reconciled amount due from the Fund to the county Assembly.

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**Other Disclosures Continued**

**d) Due to related parties**

	2024/2025	2023/2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	91,600	91,600
<b>Total</b>	<b>91,600</b>	<b>91,600</b>

**Other Disclosures Continued**

**17. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount KShs	Fully performing KShs	Impaired KShs
<b>At 30 June 2025</b>			
Receivables from exchange transactions	194,539,861	194,539,861	-

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Receivables from non-exchange transactions	112,078,594	112,078,594	-	-
Bank balances	54,496	54,496	-	-
<b>Total</b>	<b>306,672,951</b>	<b>306,672,951</b>	-	-
<b>At 30 June 2024</b>				
Receivables from exchange transactions	201,803,104	201,803,104	-	-
Receivables from non-exchange transactions	109,584,353	109,584,353	-	-
Bank balances	317,550	317,550	-	-
<b>Total</b>	<b>311,705,007</b>	<b>311,705,007</b>	-	-

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

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 non collectable amounts that the entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from loans issued to members of the fund. The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

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

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

	Less than 1 month	Betw	Over 5 months	Total
	KShs		KShs	KShs
<b>At 30 June 2025</b>				
Employee benefit obligation	-	-	91,600	91,600
<b>Total</b>	-	-	<b>91,600</b>	<b>91,600</b>
<b>At 30 June 2024</b>				

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Trade payables	-	-	91,600	91,600
Employee benefit obligation	-	-	2,346,253	2,346,253
<b>Total</b>	-	-	<b>2,437,853</b>	<b>2,437,853</b>

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade and Other Payables	-	-	-
Borrowings	-	-	-

**Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund**  
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Net Foreign Currency Asset/(Liability)	-	-	-
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*The fund does not operate with foreign currency.*

**Foreign currency sensitivity analysis**

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

	Change in currency	Effect on surplus/deficit	Effect on
	Ksh	Kshs	
<b>2025</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2024</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**d) Capital risk management**

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

	2024/2025	2023/2024
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	244,000,000	244,000,000
Accumulated surplus	65,358,754	81,272,646
<b>Total funds</b>	<b>309,358,754</b>	<b>325,272,646</b>
Total borrowings	-	-
Less: cash and bank balances	54,496	317,550
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>



**Progress On Follow Up of Prior Year Auditor’s Recommendations.**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

**FOLLOW UP TO PRIOR YEAR AUDITOR’S RECOMMENDATION**


**10.0 Unresolved Prior Year Audit Matters**

There were issues raised in the audit report for 2022/2023 financial year of which no report or recommendations from the Fund Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to section 149(2)(1) of the public finance management act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding. As summarized below:

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)
<b>1.Outstanding Loans</b>	<p>The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.220,022,627.As previously reported, the balance includes in this amount are outstanding loans totaling Kshs.300,526 owed by two former Members of County Assembly (MCAs). The Fund Management however, failed to recover the loan within the five term of the assembly. Although the Management explained that the outstanding amounts would be deducted from their terminal dues, no evidence was provided to confirm that the terminal dues would be sufficient to offset the outstanding loans.</p> <p>In the circumstances, the accuracy and completeness of the long-term receivables from exchange transactions balance of .Kshs 300,526 could not be confirmed.</p>	The management has initiated the process of recovering the outstanding loan from the respective members	Not resolved	January 2025
Non-Performing	The statement of financial position reflects long term receivables from exchange transactions balance of			

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<p>Long-term Loans</p>	<p>Kshs.220,022,627 as disclosed in Note 12 to the financial statements which includes a car loan amounting to Kshs.3,800,000 advanced in December, 2016 to one member. However as previously reported, the member had repaid Kshs.2,473,666 as at December, 2018 resulting to unpaid balance of Kshs.1,326,334. There was no evidence that the additional loan repayments had been received from the member since December, 2018 to the time of audit completion since the principal and interest loan balance has since accumulated to Kshs.1,451,059 as at 30 June 2023.</p> <p>In the circumstances, the long-term receivables from exchange transactions of Kshs.220,022,627 could not be confirmed.</p>			
<p>Budgetary Control &amp; Performance</p>	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.206,500,000 and Kshs.195,445,519 respectively resulting to an under-funding of Kshs.11,054,481 or 5% of the budget. Similarly, the Fund expended Kshs.233,192,792 against an approved budget of Kshs.308,200,000 resulting to an under-expenditure of Kshs.75,707,208 or 24% of the budget. Further, the Fund had an unbalanced budget.</p> <p>The under funding and under performance affected the provision of Mortgage and Car Loans to the members of the scheme and may have impacted negatively on service delivery to the members of the scheme.</p>			

Your faithfully,  
  
**Shadrack K. Choge**  
 Clerk to County Assembly