

REPUBLIC OF KENYA



# **REPORT**

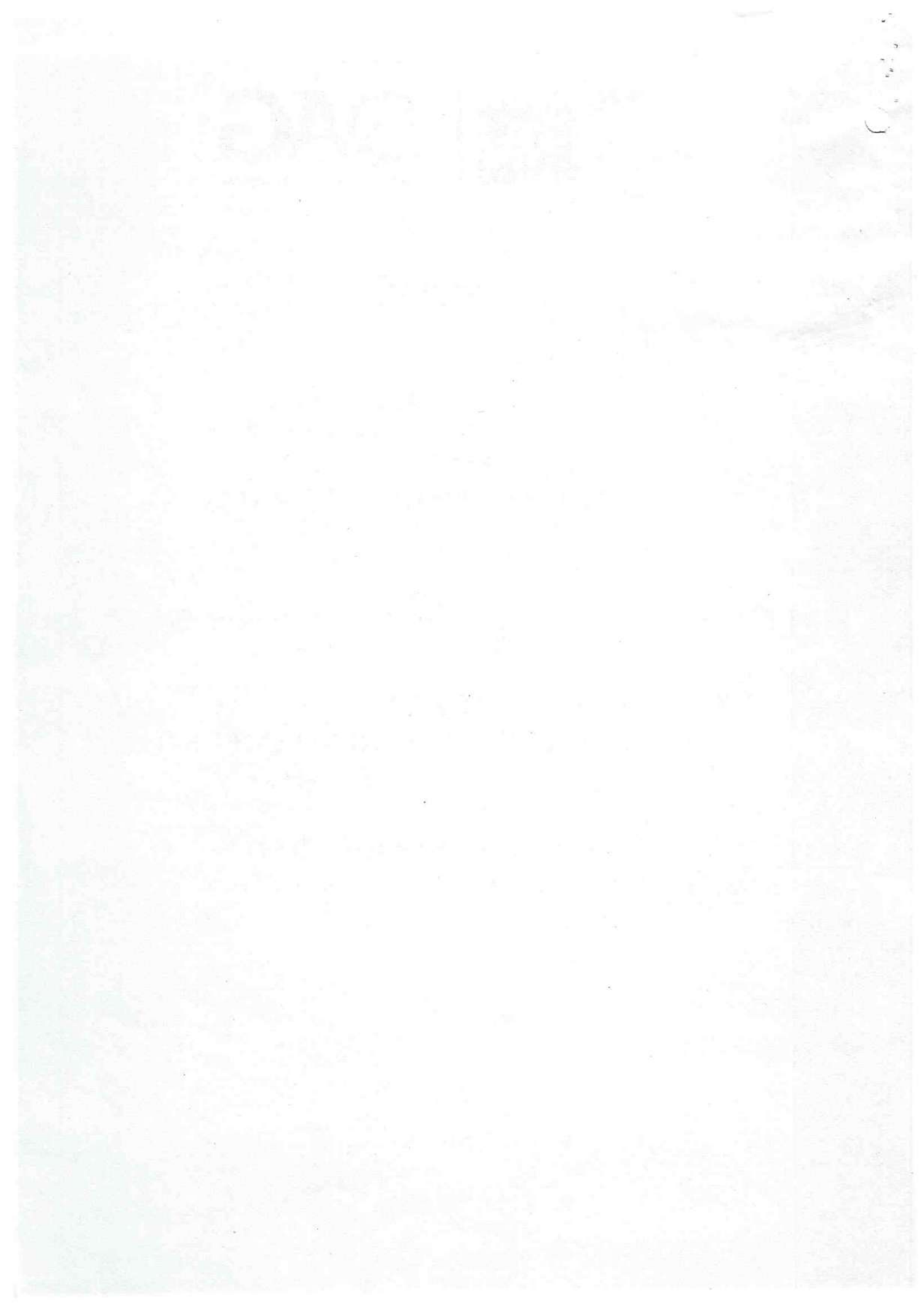
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE KENYA TRADE NETWORK AGENCY  
MORTGAGE AND CAR LOAN FUND**

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





OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE

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## KENTRADE MORTGAGE AND CAR LOAN FUND

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2025

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Prepared in accordance with the accrual Basis of Accounting method under the  
International Public Sector Accounting Standards.





KenTrade Mortgage and Car loan Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2025

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

### **A. Abbreviations and Acronyms**

FY	- Financial Year
MOU	- Memorandum of Understanding
SRC	- Salaries and Remuneration Commission

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

### **a. Background information**

The Kenya Trade Network Agency Mortgage and Car Loan Fund is established pursuant to the Salaries and Remuneration Commission Circulars referenced No. SRC/ADM/1/13 VOL.III/ (128) of 17<sup>th</sup> December 2014, SRC/ADM/CIR/1/13 Vol 111(130) of January 29, 2015, and SRC/ADM/CIR/1/13 Vol 111(142) of August 25, 2015, all of which set and advised on the establishment of Mortgage and Car Loan Scheme for both state and public officers of the Government of Kenya. The fund is wholly owned by KenTrade and is domiciled in Kenya. The Agency operationalized the Mortgage and Car Loan Scheme through internal guidelines approved in 2017.

### **b. Principal activities**

The Fund's principal activity is to offer low interest loan facilities to staff to purchase land, houses, construct houses, take over mortgages acquired at market rate and purchase personal cars.

### **c. Key Management**

The Staff Mortgage and Car Loan Fund is currently administered by KCB Bank through Memoranda of Understanding between the Bank and the Agency. The Agency, however, has put in place a committee that manages the preliminary internal processes and liaises with the Banking Institution to ensure smooth disbursement of the funds to staff who qualify for the loans. The committee to the Fund is responsible for the day-to-day operations.

The Fund's committee members who served during the financial year ended June 30, 2025 and had fiduciary responsibility were:

**Key Entity Information and Management (Continued)**

Ref	Position	Name
1	Chairperson	Fridah Kaberia- Director Strategy, Compliance and Business Development
2	Committee Members	<ol style="list-style-type: none"> <li>1. Chrispus Mbogo - Director Corporate Services</li> <li>2. Judith Thogori - Manager Finance</li> <li>3. Eric Lukoye - Manager Projects</li> <li>4. Elizabeth Otieno – Senior Administration Officer</li> <li>5. Edna Macharia- Legal officer</li> </ol>

**d. Fiduciary oversight arrangements**

The CEO is the Fund administrator while the Human Resource and Administration Department is the Secretariat responsible for day to day operations.



**Key Entity Information and Management (Continued)**

**e. KenTrade Headquarters**

Embankment Plaza, First Floor,  
Longonot Road, UpperHill  
P.O. Box 36943 – 00200  
Nairobi

**f. KenTrade Contacts**

Telephone: (254) 20 464 5000  
E-mail: [info@Kentrade.go.ke](mailto:info@Kentrade.go.ke)  
Website: [www.Kentrade.go.ke](http://www.Kentrade.go.ke)

**g. Fund Bankers**

KCB Bank Limited  
Upperhill Branch and KICC Branch  
P.O. Box 48400 – 00100  
Nairobi


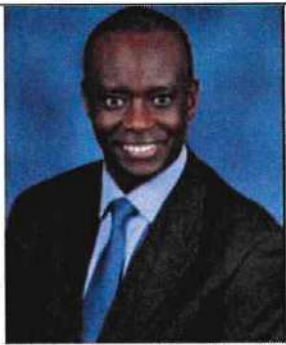
**h. Independent Auditors**

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

**i. Principal Legal Adviser**

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

### 3. Fund Administration Committee



Ref	Name	Details
1	 <p>Fridah Kaberia - Chairperson, Fund Administration Committee</p>	<p>CS Fridah is the Director Strategy, Compliance and Business Development in KenTrade. She was appointed on August 3, 2023. CS Fridah is an experienced professional with more than 18 years' experience in both private and public service of hands-on proven track record of verifiable success coupled with good understanding of government operations.</p> <p>CS Fridah holds a Master's degree in Business Administration and Bachelor of Art (Economics) degree all from the University of Nairobi. She is a Certified Public Accountant of Kenya CPA(K) and a Certified Secretary CS (K). Ms. Fridah is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Secretaries of Kenya (ICS). She holds various certifications in management and leadership courses, as well as certifications in pension administration, ISO and corporate governance.</p>
2	 <p>Chrispus Mbogo -Member, Fund Administration Committee</p>	<p>CPA Mbogo serves KenTrade as the Director, Corporate Services. He was appointed on August 3, 2023. CPA Mbogo has worked for over 24 years as a public financial management (PFM) practitioner. He holds a Master of Business Administration in Finance degree from the University of Nairobi and a Bachelor of Commerce degree in Finance from the Catholic University of Eastern Africa. He is a Certified Public Accountant of Kenya (CPA(K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds various certifications in</p>



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Ref	Name	Details
		management and leadership from the Kenya School of Government, as well as certificates in other areas of management including pension administration, ISO and corporate governance. CPA Mbogo is an active member of ICPAK and currently serves in the ICPAK Council Committee for Public Sector Accountants. He is also the outgoing Chairman of the Board of Trustees of the KenTrade Staff Pension Scheme, as well as serving in other leadership capacities in the society.
3	 Eric Lukoye -Member, Fund Administration Committee	Mr. Lukoye is currently the Manager Projects at KenTrade and is responsible for implementation and delivery of all Agency projects and programmes. He was appointed on August 3, 2023. He has over 15 years' work experience in the International Trade and Logistics sector. Lukoye holds a Bachelor of Science Degree in Information Technology and a Master's degree in Business Administration (Strategic Management). He is also a Programme/Project management practitioner certified in PRINCE2 Agile practitioner and Managing Successful Programme (MSP). He holds various certifications in management and leadership from the Kenya School of Government. Lukoye is a gold member of the Information System Audit and Control Association (ISACA).
4		CPA Judith Thogori serves KenTrade as the Manager Finance. She was appointed on August 3, 2023. She has worked for over 15 years as a public financial management practitioner. CPA Thogori holds a Master of Science degree in Finance and a bachelor's degree in commerce from Kenyatta University. She is a Certified Public Accountant of Kenya (CPAK) and a proud member of the Institute of Certified Public Accountant of Kenya (ICPAK). Her

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Ref	Name	Details
	Judith Thogori -Member, Fund Administration Committee	commitment to professional growth is evident through the various certifications in management and leadership from the esteemed Kenya School of Government.
5	 <p>Elizabeth Otieno -Member, Fund Administration Committee</p>	Ms. Elizabeth Otieno is a Senior Administration Officer in KenTrade. She was appointed on July 04, 2024. She has twenty-five (25) years' work experience in the Public Sector. Ms. Otieno is a certified Human Resource Practitioner of Kenya and is also a Practicing member. She holds Master of Business Administration degree (Human Resource Management) and Bachelors of Business Administration (Human Resource Management) both from Kenya Methodist University. She also holds Higher Diploma in Human Resource Management from Foundation Institute of Professionals.
6	 <p>Edna Macharia -Member, Fund Administration Committee</p>	Ms. Macharia is currently a legal officer at KenTrade and has over 6 years legal experience. She was appointed on August 3, 2023. Ms. Edna Macharia is an Advocate of the High Court of Kenya and a Certified Secretary. She is currently pursuing her Masters' Degree in Corporate and Financial Law from the University of Nairobi and holds a and a Bachelor of Laws from The Catholic University of Eastern Africa and a Post Graduate Diploma in Law from the Kenya School of Law. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries and has certifications in Corporate Governance.



#### 4. Management Team

Ref	Name	Details
1	 <p>David Ngarama - Fund Administrator /CEO KenTrade</p>	<p>Mr. Ngarama is the Chief Executive Officer of the Kenya Trade Network Agency (KenTrade), a position he assumed on July 17, 2023. He previously served as Director of Trade Facilitation, Director of Strategy, Compliance and Business Development, and earlier as Manager, Strategy and Planning for over eight years. Before joining KenTrade in 2013, he was a Transaction Manager at the Privatization Commission under the National Treasury and Planning, overseeing major privatization transactions. He also served as Principal Economist in the Office of the Deputy Prime Minister and Minister for Trade, where he doubled as Technical Assistant to the Deputy Prime Minister</p> <p>With over 27 years of public sector experience, Mr. Ngarama has worked as a Senior Economist at the Ministries of Planning, Finance, and International Trade and Industry. He has extensive exposure in regional trade and integration and has represented Kenya in numerous trade negotiations within COMESA, the EAC, and beyond.</p> <p>Mr. Ngarama holds Bachelor's and Master's degrees in Economics, complemented by senior management and leadership training, including the Strategic Leadership Development Programme at the Kenya School of Government and the Senior Managers Leadership Programme at Strathmore Business School. He has also undertaken training in project management, monitoring and evaluation, financial modeling, and related fields. Mr. Ngarama has chaired the Technical Committee of the African</p>

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Ref	Name	Details
		Alliance for Electronic Commerce (AAEC) and is the immediate former Chair of its Executive Committee.
2	 <p>Chrispus Mbogo -Member, Fund Accountant/Director Corporate Services</p>	<p>CPA Mbogo serves KenTrade as the Director, Corporate Services. CPA Mbogo has worked for over 24 years as a public financial management (PFM) practitioner. He holds a Master of Business Administration in Finance degree from the University of Nairobi and a Bachelor of Commerce degree in Finance from the Catholic University of Eastern Africa. He is a Certified Public Accountant of Kenya (CPA(K)) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds various certifications in management and leadership from the Kenya School of Government, as well as certificates in other areas of management including pension administration, ISO and corporate governance. CPA Mbogo is an active member of ICPAK and currently serves in the ICPAK Council Committee for Public Sector Accountants. He is also the outgoing Chairman of the Board of Trustees of the KenTrade Staff Pension Scheme, as well as serving in other leadership capacities in the society.</p>
3	 <p>Fridah Kaberia - Chairperson, Fund Administration</p>	<p>CS Fridah is the Director Strategy, Compliance and Business Development in KenTrade. CS Fridah is an experienced professional with more than 18 years' experience in both private and public service of hands-on proven track record of verifiable success coupled with good understanding of government operations.</p> <p>CS Fridah holds a Master's degree in Business Administration and Bachelor of Art (Economics) degree all from the University of Nairobi. She is a Certified Public Accountant of Kenya CPA(K) and a Certified Secretary CS</p>

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Ref	Name	Details
	Committee/ Director Strategy, Compliance and Business Development	(K). Ms. Fridah is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Secretaries of Kenya (ICS). She holds various certifications in management and leadership courses, as well as certifications in pension administration, ISO and corporate governance.



## 5. Chairperson's report

On behalf of the Committee, I am pleased to present the Chairman's Report for the Mortgage and Car Loan Fund for the year ended 30th June 2025.

The Agency appreciates the National Treasury's support in establishing the Staff Mortgage and Car Loan Fund, which has been operational since 2017. This initiative aligns with the Government's objective of enhancing housing access and plays a crucial role in attracting and retaining skilled professionals in the Public Service. By offering competitive benefits, the Scheme enables KenTrade to compete effectively with the Private Sector in securing top talent.

KenTrade developed its Mortgage and Car Loan Fund in partnership with Kenya Commercial Bank through memoranda of understanding. To ensure smooth disbursement of funds to eligible staff, the Agency has established a Committee responsible for managing internal processes and liaising with the banking institution. The Fund is fully cash-backed, with funds deposited at the bank to support lending. As at 30th June 2025, the Fund stood at **Kshs.101,352,586**.

Since inception, the Fund has continued to play a critical role in enhancing staff welfare by providing affordable mortgage and car loan facilities. To date, **28 employees** have benefited, with total disbursements of **Kshs.87.5 million, of which Kshs.51.7 million has been repaid**, leaving an outstanding balance of **Kshs.35.7 million**. Loan repayments have remained strong, with beneficiaries diligently meeting their obligations even after exiting the organisation.

During the year, the Fund achieved several milestones, including the reduction of loan interest rates from 5% to 3%, lowering of processing fees, introduction of 105% financing, and a capital injection of **Kshs.19.4 million**. Importantly, the KenTrade Board approved a capital injection of **Kshs.300 million** over the **next three years**, subject to funding availability, which will significantly expand the Fund's lending capacity.



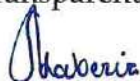
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Despite these successes, the Fund continues to face the challenge of demand for loans exceeding available resources, which occasionally delays disbursements. The Committee remains committed to addressing this challenge through prudent management and resource mobilisation.

Looking ahead, the Fund will build on the strong foundation laid, prioritising increased mortgage uptake, strengthening monitoring and evaluation, and pursuing strategic partnerships to supplement available funding.

The Fund hereby submits the Annual Report for the year ended 30th June 2025, which demonstrates its continued sustainability and relevance in promoting staff welfare. I wish to thank the National Treasury, the KenTrade Board, the Committee, management, and staff for their dedication and support in ensuring that the Mortgage and Car Loan Fund remains transparent, impactful, and aligned to the broader public service agenda.



.....  
**Fridah Kaberia**

**Chairperson of the Fund**

## 6. Report of the Fund Manager/ Administrator

Since the inception of the Mortgage and Car Loan Fund in 2017, a total of **28 employees** have benefited, comprising **21 staff under the Car Loan Scheme** and **7 staff under the Mortgage Scheme**. As at **30th June 2025**, cumulative disbursements amounted to **Kshs.87.5 million**, broken down as follows:

- Mortgage Loans: **Kshs. 31.2 million**
- Car Loans: **Kshs. 56.2 million**

During the year ended 30th June 2025, one staff member was granted a loan of **Kshs. 1.9 million**.

Loan repayments have been effectively managed through monthly payroll deductions. Out of the 28 beneficiaries, 8 staff have since exited the Fund's sponsor institution but continue to honour their repayment obligations. Of these, only 3 have outstanding balances, which continue to be serviced without default.

Cumulatively, out of the total disbursements of **Kshs.87,468,954**, an amount of **Kshs. 51,728,861** has already been repaid, leaving an outstanding loan balance of **Kshs.35,740,093** as at 30th June 2025. This repayment trend reflects a healthy repayment rate and demonstrates prudent management of credit risk.

### Achievements During the Year

The Fund recorded notable achievements in the year under review, including:

- **Policy Enhancements:** Interest rates on both Mortgage and Car Loans were reduced from **5% to 3%**, processing fees revised from **1% to 0.5%**, and loan financing limits enhanced to **105% of property value**. These changes have improved affordability and uptake of the products.
- **Refund of Previous Transfers:** Since inception, **Kshs. 38,043,976** had been transferred from the Fund. Following approval from the National Treasury, these amounts were fully refunded, strengthening the capital position of the Fund.
- **Capital Injection:** The Fund received an additional **Kshs. 19,351,544**, boosting its lending capacity.
- **Board Approval of Future Capital Injection:** During the year, **KenTrade's Board approved a capital injection of Kshs. 300 million** over a period of three (3) years, subject to funding availability. This strategic commitment is expected to significantly enhance the Fund's lending ability and long-term sustainability.
- **Staff Sensitization:** Several sensitization sessions were conducted, enhancing awareness of the Mortgage and Car Loan products.
- **Product Uptake:** As a result of the above interventions, applications for Mortgage loans increased, whereas in the past the Fund mainly received Car Loan applications.

## Challenges

Despite the successes, the Fund continues to face challenges, the key one being **limited funding compared to the high demand for loans**. Staff loan requests consistently exceed the resources available for lending, leading to delays in approvals and the need to prioritise applicants. This underscores the importance of additional capitalisation to meet staff demand and sustain the Fund's impact.

## Governance and Compliance

The Fund operates under a governance framework aligned with the Regulations and Guidelines for the KenTrade Staff House Mortgage Scheme and Car Loan Scheme. Oversight is provided by the Committee, which approves applications, monitors repayments, and ensures compliance with applicable policies. Committee members adhere to conflict of interest declarations, ensuring objectivity in decision-making.


## Outlook

The Mortgage and Car Loan Fund remains financially sustainable, with strong repayment performance and adequate governance structures. The planned strategy for the coming year includes:

- Increasing awareness to encourage greater uptake of Mortgage loans.
- Leveraging the **Board-approved Kshs. 300 million capital injection**, subject to funding availability, to expand lending capacity.
- Exploring opportunities for collaboration with financial institutions to supplement available resources.
- Strengthening monitoring and evaluation systems to track performance more effectively.
- Continuing to align Fund operations with staff welfare policies and National Treasury guidelines.

The Fund Manager remains committed to prudent management of resources, transparent operations, and continuous improvement to support staff welfare through accessible and affordable financing solutions.

Thank you



.....

David Ngarama  
Fund Administrator



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

The Car Loan and Mortgage Fund operates under a clear mandate to provide affordable financing solutions to eligible staff for the acquisition of vehicles and housing. Our strategic approach aligns with the broader objectives of enabling asset ownership, improving staff welfare, and promoting financial inclusion.

### Strategic Pillars and Objectives

The Fund is guided by the Agency's Strategic Plan for FY 2023/2024 - 2027/2028 on the Key Result Area 4: Visibility and Organizational Capacity:

- Pillar 1: Access to Affordable Financing
- Pillar 2: Efficient and Transparent Fund Management
- Pillar 3: Sustainable Financial Performance and Growth

These pillars form the basis upon which the Fund develops its annual work plans and performance targets.

### Performance Overview

An assessment of the Fund's performance during the FY 2024/2025, measured against predetermined objectives, is presented below:

Strategic Pillar	Objective	Key Performance Indicators	Activities Undertaken	Achievements
Access to Affordable Financing	Increase loan uptake by eligible staff	Number of loans disbursed, loan recovery rate	Dissemination of loan application information; streamlined loan processing	Disbursed car loans and mortgage loans to 1 staff member; maintained a recovery rate of 100%  Implemented a change in Policy of Mortgage and Car Loan attracting



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Strategic Pillar	Objective	Key Performance Indicators	Activities Undertaken	Achievements
				more loan requests in the FY 2024/2025
Efficient and Transparent Fund Management	Ensure prudent management and accountability	Timely financial reporting; audit compliance	Quarterly financial reporting; internal audit and risk assessments	Financial statements prepared in conformity with IPSAS; unqualified audit opinion obtained in 2023/2024
Sustainable Financial Performance and Growth	Maintain Fund sustainability and growth	Fund growth rate; budget adherence	Monitoring loan portfolio performance; cost control measures	Achieved fund growth of 25%; expenses maintained within approved budget

## **8. Corporate Governance Statement**

The Mortgage and Car Loan Fund is committed to upholding the highest standards of corporate governance in line with the Constitution of Kenya, Mwongozo Code of Governance for State Corporations, and applicable laws and regulations. The governance framework ensures transparency, accountability, and prudent management of public resources for sustainable service delivery.

### **Committee Appointment and Composition**

In accordance with Section 5 of the Regulations and Guidelines for the KenTrade Staff House Mortgage Scheme Fund and Section 1.2.1 of the same Regulations, the Accounting Officer is responsible for appointing and removing Committee members. The tenure of office is two (2) years.

The Committee was appointed on August 03, 2023 and comprised the following members.

- |                         |   |  |
|-------------------------|---|--|
| 1. Fridah Kaberia       | - | Director Strategy Compliance & BD  |
| 2. Chrispus Mbogo       | - | Director Corporate Services  |
| 3. Hellen N. Wasike     | - | Manager HR & Administration (ceased membership on February 15, 2024 following exit from service) |
| 4. Judith Thogori       | - | Manager Finance  |
| 5. Eric Lukoye          | - | Manager Projects   |
| 6. Ms. Elizabeth Otieno | - | Senior Administration Officer  |
| 7. Ednah Macharia       | - | Legal Officer  |

One Member – Ms. Hellen Wasike seized to be a member of the Committee from February 15, 2024 having exited the service of KenTrade. Ms. Elizabeth Otieno – Senior Administration Officer was appointed to the Committee on July 04, 2024.

### **Roles and functions**

The roles and functions of the Committee are as outlined in Section 1.2.2 of the KenTrade Staff Car Loan Scheme Fund and Section 5 of the KenTrade Staff House Mortgage Scheme and the same are outlined below.

1. Approve criteria for the beneficiaries of the Fund;
2. Process and approve all car loan, housing development, and related financing proposals loans in accordance with the existing Terms and Conditions of borrowing;
3. Liaise with the financial institution to set up a Fund for the disbursement of the loans;
4. Oversee the management of the Fund;
5. Monitor and evaluate the performance of the Fund;
6. Approve annual work programmes and procurement plans for the Fund;

7. Recommend the investment of any surplus funds not immediately required in securities approved by the National Treasury, (The Agency) for the purposes of realizing the objects and purpose for which the Fund is established;
8. Cause to be kept all proper books and records of account of the income, expenditure, assets and liabilities of the Fund;
9. Receive any gifts, donations, grants or endowments made to the Fund;
10. Consider and recommend approval of the financial statements to the Chief Executive officer;
11. Recommend as when required the procurement of a financial institution to administer the Fund on its behalf;
12. Perform any other functions that are ancillary to the objects and purpose for which the Fund is established;
13. Determine its own procedures for conducting its business;
14. Prepare and submit a report of the Committee's activities to CEO once every quarter; and
15. Such other duty as may be directed by the Chief Executive Officer for the purposes of the proper management of the Fund.

### **Succession Planning**

Committee membership is reviewed every two (2) years, providing an opportunity for different officers to participate and ensure continuity in the management of the Mortgage and Car Loan Fund.

### **Conflict of Interest**

Committee members who apply for loans are required to declare a conflict of interest and recuse themselves from participating in discussions or decisions relating to their applications. Loan requests are therefore considered objectively and transparently by the remaining members.

All other loan applications are processed on a first-come, first-served basis, subject to meeting the minimum eligibility requirements. Staff are notified whenever funds are available, and only applications that meet the set criteria are accepted, thereby ensuring fairness and integrity in the administration of the Mortgage and Car Loan Fund.

### **Remuneration**

The Committee does not receive any remuneration for its functions. Membership and related assignments are considered part of the officers' official responsibilities.

## **Ethics and Conduct**

Committee members are guided by the Human Resource policies, Code of Conduct, and Scheme guidelines in the discharge of their duties, ensuring integrity, accountability, and professionalism.

## **Induction, training and development**

The Committee is from time to time sensitized by the Scheme Administrator on management of the Scheme.

## **Number of meetings held and attendance**

The Committee meets quarterly and may also convene special meetings upon receipt of loan requests requiring consideration and processing. The table below provides details of meetings held during the year and members' attendance:

No.	Name	Dates			
		04.07.2024	15.10.2024	10.01.2025	28.04.2025
1.	Fridah Kaberia	✓	✓	✓	✓
2.	Chrispus Mbogo	✓	✓	✓	✓
3.	Judith Thogori	✓	✓	✓	✓
4.	Eric Lukoye	✓	✓	✓	✓
5.	Edna Macharia	✓	x	✓	x
6.	Elizabeth Otieno	✓	✓	✓	x

## **Succession Plan**

Committee membership is reviewed every two (2) years, providing an opportunity for different officers to participate and ensure continuity in the management of the Mortgage and Car Loan Fund.

## **Policy to manage conflict of interest**

Loan applications are processed on a first-come-first-served basis, subject to meeting the minimum requirements. All staff are duly notified when funds are available, and only qualifying applications are considered, thereby ensuring fairness and transparency.

### **Committee Remuneration**

The Committee does not receive any remuneration for its functions. Membership and related assignments are considered part of the officers' official responsibilities.

### **Ethics and Conduct**

The Committee membership is from KenTrade internal staff. The ethics and conduct of the Committee members is governed by the existing human resource policies and procedures in addition to the Scheme guidelines.



## 9. Management Discussion and Analysis

The Fund was instituted in the year 2017 after approval by the KenTrade Board of Directors on June 30, 2016. In order to effectively run the Fund, the Agency developed the Mortgage and Car Loan Policy which was the framework upon which the Fund was implemented. The operational framework clearly outlines both the Management and Governance Structures internally, so that all staff are aware of the procedures and requirements for loans application and approvals. Since inception of the mortgage and car loan Fund, the Agency has transferred a total of Kshs.97,310,020 to the Fund. Table 1 below indicates statistics on amounts transferred by the Agency to the Mortgage and Car Loan Fund since inception:

**Table 1: Amounts Transferred into the Mortgage and Car Loan Fund since inception.**

Period	Car Loan Fund	Mortgage Fund	Total
2017/2018	10,000,000	30,000,000	40,000,000
2018/2019	8,058,476	-	8,058,476
2019/2020	-	-	-
2020/2021	1,800,000	6,600,000	8,400,000
2021/2022	-	16,200,000	16,200,000
2022/2023	-	5,300,000	5,300,000
2023/2024	-	-	-
2024/2025	-	19,351,544	19,351,544
<b>Total</b>	<b>19,858,476</b>	<b>77,451,544</b>	<b>97,310,020</b>

The total disbursements for Mortgage and Car Loan Fund from inception to present amount to **Kshs.87,468,954** (as shown in table 2), which is less than the total amounts transferred into the scheme, totalling to Kshs.97,310,020 (as indicated in table 1). This disparity is due to the fact that the principal loan repayments were reinvested back into the scheme.

The table 2 below indicates statistics on Loan amounts disbursements to staff from Mortgage and Car Loan Fund since inception:

**Management Discussion and Analysis (Continued)**

**Table 2: Loan Disbursements to staff from Mortgage and Car Loan Fund since inception.**

Period	No of staff	Car Loan Fund	No of staff	Mortgage Fund	Total Loan Disbursements
2017/2018	6	7,864,675	2	19,758,894	27,623,569
2018/2019	6	10,627,996	-	-	10,627,996
2019/2020	3	3,343,945	-	-	3,343,945
2020/2021	4	5,910,372	1	9,900,000	15,810,372
2021/2022	-	-	3	18,900,000	18,900,000
2022/2023	1	1,500,000	1	7,700,000	9,200,000
2023/2024	-	-	-	-	-
2024/2025	1	1,963,072	-	-	1,963,072
<b>Total</b>	<b>20</b>	<b>31,210,060</b>	<b>7</b>	<b>56,258,894</b>	<b>87,468,954</b>

The table 3 below indicates statistics on Principal loan repayments revolved back to the Mortgage and Car Loan Fund since inception:

**Table 3: loan repayments revolved back to the Mortgage and Car Loan Fund since inception.**

Period	Car Loan Fund	Mortgage Fund	Total
2017/2018	-	-	
2018/2019	2,690,049	1,408,276	4,098,325
2019/2020	2,784,232	2,088,157	4,872,389
2020/2021	6,305,390	285,004	6,590,394
2021/2022	7,363,251	4,785,958	12,149,209
2022/2023	5,037,453	7,999,824	13,037,277
2023/2024	2,792,977	3,399,320	6,192,297
2024/2025	1,484,745	3,304,225	4,788,970
<b>Total</b>	<b>28,458,097</b>	<b>23,270,764</b>	<b>51,728,861</b>

Before amending the Mortgage and Car loan fund regulation to charge the staff loans at 3%, the fund was in addition to the principal repayments that were revolved back to the fund, it also earned interest income on all the outstanding loans as stipulated in the MOU with KCB Bank. The staff loans were being charged 5% interest per annum, out of which KCB bank earns 4% as cost of administration of the Car Loan Fund and 3.5% as cost of administration of the Mortgage Fund. The fund earned 1% and 1.5% from the Car Loan and Mortgage Fund respectively. Table 4 below indicates the Net interest income earned by the Agency since inception.



**Management Discussion and Analysis (Continued)**

**Table 4: Net Interest income earned by the Fund since inception**

Period	Car Loan Fund	Mortgage Fund	Interest From Call Investments	Total
2017/2018	36,228	130,108	-	166,336
2018/2019	107,638	289,458	-	397,096
2019/2020	104,021	234,662	-	338,683
2020/2021	185,152	254,588	-	439,740
2021/2022	111,042	394,555	-	505,597
2022/2023	52,773	573,780	-	626,553
2023/2024	31,707	495,475	-	527,182
2024/2025	23,641	519,218	578,455	1,121,314
<b>Total</b>	<b>652,202</b>	<b>2,891,844</b>	<b>578,455</b>	<b>4,122,501</b>

The table 4 indicates net interest income earned from the fund since inception less withholding taxes.

Table 5 below indicates amounts transferred from the from Mortgage and Car Loan Fund since inception.

Since the inception of mortgage and car loan Fund, the Agency had transferred a total of Kshs.38,043,976 from the Fund. These amounts transferred have been fully refunded.

**Table 5: Amounts transferred from the from Mortgage and Car Loan Fund since inception**

Period	Car Loan Fund	Mortgage Fund	Total
2017/2018	-	-	-
2018/2019	-	11,563,976	11,563,976
2019/2020	-	-	-
2020/2021	-	-	-
2021/2022	4,900,000	-	4,900,000
2022/2023	9,700,000	7,700,000	17,400,000
2023/2024	1,880,000	2,300,000	4,180,000
<b>Total</b>	<b>16,480,000</b>	<b>21,563,976</b>	<b>38,043,975</b>

Out of a total disbursement of Kshs.87,468,954 for both Mortgage and Car Loan Fund, Kshs.51,728,861 has been repaid while a total of Kshs.35,740,093 remains as the outstanding balance. Table 6 below indicates the loan balances outstanding from the Car Loan and Mortgage Scheme.

**Management Discussion and Analysis (Continued)**

**Table 6: Amounts outstanding from the Car and Mortgage Scheme.**

Period	Car Loan Scheme		Mortgage Scheme	
	Amount Disbursed	Outstanding Balance	Amount Disbursed	Outstanding Balance
2017/2018	7,864,675	-	19,758,894	3,859,429
2018/2019	10,627,996	-	-	-
2019/2020	3,343,945	-	-	-
2020/2021	5,910,372	258,638	9,900,000	6,439,773
2021/2022	-	-	18,900,000	15,552,296
2022/2023	1,500,000	671,422	7,700,000	7,136,631
2023/2024	-	-	-	-
2024/2025	1,963,072	1,821,903	-	-
<b>Total</b>	<b>31,210,060</b>	<b>2,751,963</b>	<b>56,258,894</b>	<b>32,988,129</b>

As at the end of June 30,2025, the cash balance available for lending was **Kshs.65,612,493**

This amount was made available to staff for loan applications during the quarter. The Mortgage and Loans Committee received nine (9) Mortgage applications with a total value of Kshs.78,580,000.00. Eight (8) mortgage applications, totaling Kshs.63,997,298.00, were approved based on the first-in, first-out method. The loans are currently being appraised by KCB. Applications that were not approved due to funding limitations have been queued and will be considered in the FY 2025/2026.

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

### **i) Sustainability strategy and profile**

The global landscape is increasingly shaped by urgent sustainability challenges such as climate change, environmental degradation, and social inequalities. The Fund aligns its sustainability agenda with the United Nations Sustainable Development Goals (SDGs) and international best practices, embedding these into our policies and operations. The Fund has adopted a sustainability policy framework that prioritizes environmental preservation, gender equality, and inclusive economic participation.

During this reporting period, notable achievements include supporting staff in purchasing a hybrid vehicle through our car loan scheme, demonstrating our commitment to reducing carbon footprints. We have continued to promote gender balance and inclusivity in loan allocations, ensuring equitable access for women, youth, and persons with disabilities (PWDs).

Our service delivery charter and contract management procedures emphasize transparency and fairness. We have prioritized awarding a substantial proportion of contracts to local suppliers and special groups such as youth, women, and PWDs. Additionally, our Fund Manager, KCB Bank, was competitively selected to manage the Mortgage and Car Loan schemes, ensuring prudent, efficient, and transparent management of the funds. This competitive selection process underscores our commitment to responsible procurement and fiduciary accountability.

### **ii) Environmental Performance**

The Fund's environmental policy governs all sustainability efforts, focusing on reducing our ecological footprint through practical initiatives. Evidence of implementation includes financing green transport solutions such as hybrid vehicles, advancing paperless operations through automation, and instituting comprehensive waste management practices based on the principles of reduce, reuse, and recycle.

Successes include the acquisition of a hybrid vehicle by staff, contributing to lower CO<sub>2</sub> emissions. We recognize challenges such as reducing plastic use and have mitigated this by installing waste segregation bins and exploring biodegradable packaging options.

Further environmental actions include promoting climate-smart practices, such as encouraging green building designs that integrate solar energy, automated lighting systems, and natural ventilation. Routine maintenance of vehicles ensures minimized emissions, underscoring our commitment to responsible environmental management.



## **Environmental and Sustainability Reporting (continued)**

### **iii) Employee welfare**

The committee members are staff of KenTrade-the Agency that contributes capital injection to the Fund. The Agency demonstrates a robust commitment to public service values and principles, as outlined in Article 232 of the Constitution of Kenya, 2010, by integrating these values into its HR policies. The policies governing the hiring process include the Human Resource Policy & Procedures Manual, Staff Career Guidelines, the KenTrade grading structure, and the Staff Establishment, all of which were approved by the State Corporations Advisory Committee (SCAC) in 2017. Job opportunities are advertised, and the recruitment process adheres strictly to these policies and procedures. When developing HR instruments or other policies and regulations, the Agency ensures stakeholder participation.

The Agency's HR instruments take gender ratios into account and uphold its status as an equal opportunity employer. The recruitment and selection process does not discriminate based on gender, race, religion, ethnicity, or any other form of discrimination. The constitutional requirements for gender mainstreaming and the inclusion of persons with disabilities, as stipulated in Article 232 of the Constitution of Kenya, 2010. The HR Policy and Procedures Manual specifies that affirmative action principles, gender considerations, and national values will be applied, ensuring gender balance in appointments and promotions, with a minimum representation of one-third (1/3) of either gender. Additionally, the Agency has a Gender Mainstreaming Policy 2021, which includes a detailed section on Recruitment and Staffing. A Gender Mainstreaming Committee is in place to oversee the implementation of this policy.

A fair performance appraisal system is established to assess staff performance, identify areas for improvement, and facilitate targeted training. The Agency's Reward and Sanction Policy clearly defines the rewards for exemplary performance and sanctions for poor performance, aiming to motivate employees and enhance productivity. The Agency's office holds certification from the Ministry of Labour, confirming compliance with the Occupational Safety and Health Act of 2007 (OSHA, 2007), thereby ensuring a safe and secure work environment for employees. Furthermore, the Agency provides comprehensive medical insurance, Workers Injury Benefits Act (WIBA) coverage, and Group Personal Accident (GPA) insurance, demonstrating its steadfast commitment to employee welfare and protection.

**Environmental and Sustainability Reporting (continued)**

**iv) Market place practices**

***a) Responsible Competition Practice***

The Fund operates under KenTrade – the Agency that promotes responsible competition and ethical conduct by enforcing a zero-tolerance policy on corruption, conducting all procurements through open and competitive tendering, and maintaining neutrality in political matters in line with public service regulations.

The Agency has established Corruption Prevention Committee and trained Integrity Assurance Officers who are responsible for ensuring that the Agency adheres to the Bribery Act and Anti-Corruption and Economic Crimes Act. Trained integrity officers are part of the Fund Committee.

***b) Responsible Supply Chain and Supplier Relations***

The Fund operates under KenTrade – the Agency adheres to the PPADA by using the open Tender Method as its preferred procurement approach to foster market competition. The Agency evaluates economic, social, ethical, and environmental standards in all procurement and disposal processes.

These standards are applied when registering new suppliers. Framework contracts have allowed the Fund to leverage its buyer power to promote supply chain sustainability and resilience, resulting in competitive pricing. This approach, which moves away from spot buying, has reduced transactional procurement and strengthened supplier relationships.

The buying process is initiated by the Fund needs and the evaluation criteria also originates from the committee members to ensure the best products and services from suppliers. Inspection and acceptance committees are constituted for each procurement as per the Public Procurement and Disposal Act to ensure compliance with user specifications and regulatory requirements. These committees consist of staff from various departments with the necessary skills and product knowledge.

***c) Responsible Marketing and Advertisement***

The Fund publishes information through Government Advertising Agency, a body charged with authorizing public sector advertising and implementing standards, procedures, guidelines and managing consolidated Government advertising funds. In addition, the Fund is guided by KenTrade's communication policy which guides communication with the public or citizenry.

## Environmental and Sustainability Reporting (continued)

### *d) Product Stewardship*

The Fund protects consumer and citizen rights through transparent product information, data privacy, dispute resolution mechanisms, and access to essential services such as social security and utilities. These responsibilities are integral to our service ethos.

The Fund has put the following measures to ensure consumer data and privacy protection:

- Encryption of data both on transit and at rest
- Implemented access control mechanisms on consumer data through physical access, multi factor authentication and passwords
- Sensitization of staff on data privacy and protection
- Staff signing Oath of Secrecy

### *v) Corporate Social Responsibility /Community Engagements*

KenTrade, the agency providing capital for our Mortgage and Car Loan scheme, maintains a dedicated CSR budget through which it actively invests in community development. In the year under review, KenTrade undertook tree planting initiatives across several locations, contributing to environmental conservation efforts. Additionally, the agency made charitable donations to sponsor needy students, reinforcing its commitment to social upliftment and access to education.



*KenTrade staff members share light moment during the tree planting exercise at Langáta Womens Prison, Nairobi.*



## **11. Report of The Fund Administration Committee**

The Fund Administration Committee submit the report together with the financial statements for the period ended June 30, 2025, which show the state of the Fund's affairs.

### **Principal activities**

The principal activity of the Fund is to provide Mortgage and Car Loan facilities to KenTrade staff to purchase and /or to develop houses and to buy motor vehicles.

### **Performance**

The performance of the Fund for the period ended June 30, 2025, is set out on page 1.


### **Administration Committee**

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

### **Auditors**

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

By Order of the Board

  
.....

**Fridah Kaberia**

**Chairperson of the Fund**



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

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by Circular referenced No. SRC/ADM/1/13 VOL.III/ (128) of December 17, 2014, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

- i. The Administrator of the 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 period ended on June 30, 2025. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the fund;
- v. Selecting and applying appropriate accounting policies and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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 period ended June 30, 2025, and of the Fund's financial position as at that date.

**Statement of Management's Responsibilities (Continued)**

The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on August 28, 2025 and signed on its behalf by:



.....  
**Fridah Kaberia**  
**Chairperson of the Fund**



.....  
**David Ngarama**  
**Fund Administrator**



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON THE KENYA TRADE NETWORK AGENCY MORTGAGE AND CAR LOAN 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.

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

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

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

#### **Opinion**

I have audited the accompanying financial statements of Kenya Trade Network Agency Mortgage and Car Loan Fund set out on pages 1 to 29, which comprise of the statement

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*Report of the Auditor-General on Kenya Trade Network Agency Mortgage and Car Loan Fund for the year ended 30 June, 2025*



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, the financial statements present fairly, in all material respects, the financial position of Kenya Trade Network Agency Mortgage and Car Loan 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 the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page iv to xix which comprise of Key Entity Information and Management, The Fund Administrative Committee, Chairman's Report, Report of the Fund Manager/Administrator, Management Discussion and Analysis, Report of the Fund Administration Committee, 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 Kenya Trade Network Mortgage and Car Loan Fund financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material



misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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



FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

21 November, 2025






KenTrade Mortgage and Car loan Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2025


**14. Statement of Financial Performance for the year ended June 30, 2025**

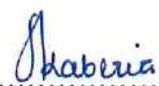
	Notes	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue</b>			
Revenue from exchange transactions			
Interest income	6	1,319,193	620,214
<b>Total revenue</b>		<b>1,319,193</b>	<b>620,214</b>
<b>Expenses</b>			
Bank Charges	7	8,910	8,695
<b>Total Expenses</b>		<b>8,910</b>	<b>8,695</b>
<b>Surplus before tax</b>		<b>1,310,283</b>	<b>611,519</b>
Taxation	8	(395,758)	(186,064)
<b>Surplus after tax</b>		<b>914,525</b>	<b>425,455</b>

The notes set out on pages 7 to 28 form an integral part of these Financial Statements.

The financial statements were approved on August 28, 2025 by:

  
Name: David Ngarama  
Fund Administrator  
13/11/2025

  
Name: Chrispus Mbogo  
Fund Accountant  
ICPAK M/No 7470  
NOVEMBER 13, 2025

  
Name: Fridah Kaberia  
Chairperson of the Fund  
13/11/2025






KenTrade Mortgage and Car loan Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2025


**15. Statement of Financial Position as at June 30, 2025**

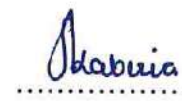
	Notes	2024/2025	2023/2024
		Kshs	Kshs
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	65,612,493	4,331,703
Receivables from KenTrade	10	-	38,043,975
Current portion of receivables from exchange transactions-Car loan	11(a)	1,049,510	1,277,892
Current portion of receivables from exchange transactions -Mortgage	11(a)	6,204,180	3,279,617
		<b>72,866,183</b>	<b>46,933,187</b>
<b>NON - CURRENT ASSETS</b>			
Non-Current portion of receivables from exchange transactions-Car loan	11(b)	1,702,453	995,745
Non-Current portion of receivables from exchange transactions -Mortgage	11(b)	26,783,950	33,012,738
		<b>28,486,403</b>	<b>34,008,483</b>
<b>TOTAL ASSETS (A)</b>		<b>101,352,586</b>	<b>80,941,670</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Other Current Liabilities	12	40,000	-
Taxation	13	197,879	93,032
<b>Total Liabilities</b>		<b>237,879</b>	<b>93,032</b>
<b>Net Assets(A-B)</b>		<b>101,114,707</b>	<b>80,848,638</b>
<b>Accumulated surplus</b>		<b>3,804,687</b>	<b>2,890,162</b>
<b>Capital Reserves</b>		<b>97,310,020</b>	<b>77,958,476</b>
		<b>101,114,707</b>	<b>80,848,638</b>

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

The Fund financial statements were approved on August 28, 2025 and signed by:

  
Name: David Ngarama  
Fund Administrator  
13/11/2025

  
Name: Chrispus Mbogo  
Fund Accountant  
ICPAK M/No 7470  
NOVEMBER 13, 2025

  
Name: Fridah Kaberia  
Chairperson of the Fund  
13/11/2025

KenTrade Mortgage and Car loan Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2025

**16. Statement of Changes in Net Assets as at June 30, 2025**

	Car Loan / Mortgage Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
As at June 30 2024	77,958,476	2,890,162	80,848,638
As at July 1 2024	77,958,476	2,890,162	80,848,638
Surplus/ (deficit) for the period	-	914,525	914,525
Funds received during the year	19,351,544	-	19,351,544
Transfers out	-	-	-
As at June 30 2025	97,310,020	3,804,687	101,114,707

The capital reserves of Kshs.97,310,020 represent Capital injection by KenTrade into the Fund since inception.



KenTrade Mortgage and Car loan Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2025

**17. Statement of Cash Flows for the year ended June 30, 2025**

	Notes	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest income on mortgage and car loan	6	1,319,193	620,214
Proceeds from loan repayments	11	4,788,970	6,192,297
Receivables from KenTrade	10	38,043,975	-
Loan Deductions	12	40,000	-
<b>Total Receipts</b>		<b>44,192,138</b>	<b>6,812,511</b>
<b>Payments</b>			
Bank charges	7	8,910	8,695
Income tax paid	13	290,911	93,032
Loan Disbursements	11	1,963,072	-
Loan Deductions	12	-	223,185
<b>Total Payments</b>		<b>2,262,893</b>	<b>324,912</b>
<b>Net Cash flows from operating activities</b>		<b>41,929,245</b>	<b>6,487,599</b>
<b>Cash flows from investing activities</b>			
Purchase of Financial Investments		-	-
<b>Net cashflows from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Transfers from Mortgage and Car loan	9	-	(4,180,000)
Receipts into Mortgage and Car loan	9	19,351,544	-
<b>Net cash in financing activities</b>		<b>19,351,544</b>	<b>(4,180,000)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>61,280,789</b>	<b>2,307,599</b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period	9	4,331,703	2,024,104
Cash and cash equivalents at June 30	9	65,612,493	4,331,703



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**18. Statement of Comparison of Budget and Actual amounts for the year ended June 30, 2025**

Description	Proposed budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(d-c) or e=(c-d) *	F=d/c
<b>Revenue</b>						
Interest income	1,000,000	-	1,000,000	1,319,193	(319,193)	132
Loan Repayments	6,000,000	-	6,000,000	4,788,970	1,211,030	80
Cash Reserves	4,238,671	-	4,238,671	3,804,687	433,984	90
Capital from KenTrade	57,395,519	-	57,395,519	57,395,519	-	100
<b>Total Revenue</b>	<b>68,634,190</b>	<b>-</b>	<b>68,634,190</b>	<b>67,308,369</b>	<b>1,325,821</b>	<b>98</b>
<b>Expenses</b>						
Car Loan Disbursements	10,000,000	-	10,000,000	1,963,072	8,036,928	20
Mortgage Loan Disbursements	58,325,000	-	58,325,000	-	58,325,000	-
Bank Charges	9,190	-	9,190	8,910	280	97
Tax expense	300,000	-	300,000	197,879	102,121	66
<b>Expenditure</b>	<b>68,634,190</b>	<b>-</b>	<b>68,634,190</b>	<b>2,169,861</b>	<b>66,464,329</b>	<b>3</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,138,508</b>	<b>(65,138,508)</b>	

For revenues e=(d-c) For expenditures e=(c-d)

## Budget Notes

Explanation of differences between actual and budgeted amounts for significant under/ over utilizations (below 10% over / under) IPSAS 24.14

1. **Interest income-** The Fund exceeded its target for this vote attributed to the lengthy process of disbursement of Mortgages resulting in available cash to be placed in call deposits.
2. **Loan Repayments-** The Fund underachieved against its loan repayment target for the year. This was due to delays in mortgage loan disbursements, which reduced the number of active loans generating repayments within the period. The Fund had anticipated higher repayments based on projected disbursements; however, the lengthy processing requirements for mortgage facilities slowed down the realization of this income stream.
3. **Car Loan Disbursements-** The Fund underachieved against its target for car loan disbursements during the year. Only one application was received and approved, as most staff opted to apply for mortgage facilities following policy changes that made mortgages more attractive.
4. **Mortgage Loan Disbursements -** The Fund underachieved against its mortgage loan disbursement target. This was mainly due to delays occasioned by the lengthy bank application and approval processes for mortgage facilities. As a result, fewer mortgages were disbursed during the year. However, 9 applications were still undergoing processing as at 30th June 2025, and the related disbursements are expected to be effected in the next financial year.
5. **Tax expense-** The Fund recorded an over-expenditure on tax expense for the year. This variance is directly attributable to the higher-than-projected interest income, which increased the taxable base and, consequently, the tax liability.

## Budget Reconciliation

Reconciliation of the Budget with the Closing Cash and Cash Equivalent as per the Statement of Cashflows	
Description	Kshs
Surplus as per the Budget	65,138,508
Cash Reserves	(3,804,687)
Payment of FY 2023/2024 tax liability	(93,032)
Loan Deduction	40,000
Cash and cash equivalents at the beginning of the period	4,331,703
<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>65,612,493</b>



## **19. Notes to The Financial Statements**

### **1. General Information**

The Kenya Trade Network Agency Mortgage and Car Loan Fund is established by and derives its authority from Circular No. SRC/ADM/1/13 VOL.III/ (128) of December 17, 2014. The fund is wholly owned by KenTrade and is domiciled in Kenya. The Agency operationalized the Mortgage and Car Loan Scheme through internal guidelines approved in 2017. The Fund's principal activity is to offer low interest loan facilities to staff to purchase land, houses, construct houses, take over mortgages acquired at market rate and purchase personal cars.

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

The financial statements have been prepared on a historical cost. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entities accounting policies. The financial statement has been prepared and presented in Kenya shillings which is the functional and reporting currency of the Agency.

The financial statement has been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied all the years presented.

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

When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2026)

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

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



**Notes to the Financial statements (continued)**

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

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p><i>The Fund does not have leases as defined under IPSAS 43. Accordingly, IPSAS 43, on Leases, is not applicable to these financial statements</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The Fund has determined that IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations, is not applicable to these financial statements as the Fund does not currently have any non-current assets classified as held for sale or discontinued operations as defined by the standard.</i></p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be 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</p>

Standard	Effective date and impact:
	<p>under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The Fund has determined that IPSAS 45, Property Plant and Equipment, is not applicable to these financial statements as the Fund does not currently have any Property Plant &amp; Equipment.</i></p>
<p>IPSAS 46 Measurement</p>	<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> <p><i>The Fund has not applied IPSAS 46, Measurement, in these financial statements. The Agency intends to adopt and apply IPSAS 46 for reporting periods beginning on or after July 1, 2025. This adoption will enhance the consistency and clarity of asset and liability measurement in accordance with the latest public sector accounting standard.</i></p>
<p>IPSAS 47- Revenue</p>	<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>



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Standard	Effective date and impact:
	<p><i>The Fund has not early adopted IPSAS 47, Revenue, in these financial statements. The Fund intends to apply IPSAS 47 for annual reporting periods beginning on or after July 1, 2026.</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The Fund has not early adopted IPSAS 48, Transfer Expenses, in these financial statements. The Fund intends to apply IPSAS 48 for annual reporting periods beginning on or after July 1, 2026.</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The Fund has determined that IPSAS 49, Retirement Benefit Plans, which applies to the accounting and reporting by the retirement benefit plans themselves, is not directly applicable to the Fund's financial statements</i></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol 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> </ol>



Standard	Effective date and impact:
	<p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>The Fund does not engage in exploration for or evaluation of mineral resources activities as defined under IPSAS 50. Accordingly, IPSAS 50, Exploration for and Evaluation of Mineral Resources, is not applicable to these financial statements</i></p>

iii. *Early adoption of standards*

The Fund did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a) Revenue Recognition**

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

*Transfers from other government entities*

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

**Notes to the Financial statements (continued)**

**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 financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under the Statement of Comparison of Budget and Actual amounts.

**Notes to the Financial statements (continued)**

**c) Taxes**

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



**Notes to the Financial statements (continued)**

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Notes to the Financial statements (continued)**

**d) Trade and other receivables**

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

**e) Fair value through surplus or deficit**

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

**f) Impairment**

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

**g) Financial liabilities**

**Classification**

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

**h) Provisions**

Provisions are recognized when the Fund 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.

**Notes to the Financial statements (continued)**

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

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

**i) Contingent liabilities**

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

**j) Contingent assets**

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

**k) Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements. The Fund also states the reserves maintained and appropriate policies adopted. The revenue reserves are as a result of operation through to the operating period and are fully attributable to the Agency.



**Notes to the Financial statements (continued)**

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

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

**m) 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.

**n) Related parties**

The Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of the Fund administrator and the Fund Administration Committee are regarded as related parties.

**o) 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 Kenya Commercial Bank (KCB) at the end of June 30, 2025.

**Notes to the Financial statements (continued)**

**p) Comparative figures**

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

**q) Subsequent events**

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

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

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

**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 Fund 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 Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Notes to the Financial statements (continued)**

**6. Interest income from staff mortgage and car loan**

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest Income from Car Loans	27,813	37,303
Interest Income from Mortgage Loans	610,845	582,911
Interest Income from call accounts	680,535	-
<b>Total Interest Income</b>	<b>1,319,193</b>	<b>620,214</b>

Interest income for the current year was higher compared to the previous year. This increase is attributed to funds being placed in call deposits while awaiting mortgage disbursements. The lengthy mortgage application and approval process resulted in more cash being held in call deposits, thereby generating higher interest income.

**7. Bank Charges**

Description	2024/2025	2023/2024
	Kshs	Kshs
Car Loan Account	6,596	6,360
Mortgage Loan Account	2,314	2,335
<b>Total Bank Charges</b>	<b>8,910</b>	<b>8,695</b>

Bank charges for the current year was higher compared to the previous year due to the increased bank transactions.

**8. Taxation**

Description	2024/2025	2023/2024
	Kshs	Kshs
Income tax charge	395,758	186,064
<b>Total Tax</b>	<b>395,758</b>	<b>186,064</b>

Tax expense for the current year was higher compared to the previous year. This increase is attributed to the increased interest income, which increased the taxable base and, consequently, the tax liability.



**Notes to the Financial statements (continued)**

**Reconciliation of the balance as per the statement of Financial Performance and Cash Flow Statement for Taxation**

Description	Kshs	Kshs
Balance as per Statement of Financial Performance		395,758
Add:		
Opening Payables	93,032	
Less:		
Closing Payables	(197,879)	
Balance as per cash flow statement		290,911

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

**9. Cash and Cash Equivalent**

Description	2023/2024	2024/2025
	Kshs.	Kshs.
Car Loan Account	530,252	1,724,324
Mortgage Loan Account	65,082,241	2,607,379
Mortgage and Car Loan Schemes Current Account	-	
<b>Total Cash and Cash Equivalents</b>	<b>65,612,493</b>	<b>4,331,703</b>

**9a. Detailed Analysis of The Cash and Cash Equivalents**

Financial institution	Account number	2024/2025 Kshs	2023/2024 Kshs
<b>Staff car loan/ mortgage Accounts</b>			
Kenya Commercial Bank- Mortgage account	1220622605	65,082,241	122,876
Kenya Commercial Bank-Car Loan account	1220944998	530,252	1,724,324
<b>Sub- total</b>		<b>65,612,493</b>	<b>1,847,200</b>
<b>On - call deposits</b>			
Kenya Commercial Bank- Mortgage account		-	2,484,503
Mortgage and Car Loan Fund Current account		-	-
KCB- Call Account		-	-
<b>Sub- total</b>		<b>65,612,493</b>	<b>2,484,503</b>
<b>Grand Total</b>		<b>65,612,493</b>	<b>4,331,703</b>

There were no cash restricted balances held by the Fund as at the end of the FY 2024/2025. The cash balance also increased due to the refund of withdrawals from the Fund by KenTrade amounting to Kshs.38,043,975 and capital injection of Kshs.19,351,544.

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

**10. Receivables from KenTrade**

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers from Car Loan	-	16,480,000
Transfers from Mortgage	-	21,563,975
<b>Total Current receivables</b>	-	<b>38,043,975</b>

KenTrade refunded a total of Kshs.38,043,975 to the Fund in the Current FY. These amounts had earlier been transferred to the Agency's bank accounts from the Fund and were subsequently fully reimbursed, ensuring the Fund's integrity and sustainability was maintained.

**11. Receivables from exchange transactions**

**11. (a) Current receivables**

Description	2024/2025	2023/2024
	Kshs	Kshs
Current portion of receivables from exchange transactions-Car loan	1,049,510	1,277,892
Current portion of receivables from exchange transactions-Staff mortgage	6,204,180	3,279,617
<b>Total Current receivables</b>	<b>7,253,690</b>	<b>4,557,509</b>

**11. (b) Non-Current receivables**

Description	2024/2025	2023/2024
	Kshs	Kshs
Non- Current portion of receivables from exchange transactions-Car loan	1,702,453	995,745
Non- Current portion of receivables from exchange transactions-Staff mortgage	26,783,950	33,012,738
<b>Total Non-Current receivables</b>	<b>28,486,403</b>	<b>34,008,483</b>

The non-current receivables represent outstanding staff loan balances. The balance as at 30th June 2025 has factored loan disbursements amounting to **Kshs.1,963,072** and loan repayments amounting to **Kshs.4,788,970** during the year.



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

**12. Current Liabilities**

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Liabilities from Car Loan	40,000	-
Current Liabilities from Mortgage	-	-
<b>Total Current Liabilities</b>	<b>40,000</b>	<b>-</b>

This amount relates to a loan repayment made by a former staff member, which was deposited into the Car Loan account but had not yet been transferred to the respective staff personal loan account as at 30th June 2025.

**13. Taxation**

Description	2024/2025	2023/2024
	Kshs	Kshs
At the beginning of the year	93,032	-
Income Tax Charge for the year	395,758	186,064
Withholding tax paid during the year	(197,879)	(93,032)
Income Tax paid during the year	(93,032)	-
<b>At the end of the year</b>	<b>197,879</b>	<b>93,032</b>

The total tax paid to KRA in FY 2024/2025 was Kshs.290,911. This includes tax withheld by banks and paid directly to KRA of Kshs.197,879 and income tax paid to KRA by the Fund of Kshs.93,032.

**14. Cash Generated from Operations**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>1,310,283</b>	<b>611,519</b>
<b>Adjusted for:</b>	<b>-</b>	<b>-</b>
Depreciation	-	-
<b>Working Capital Adjustments</b>		
Decrease in Receivables from KenTrade	38,043,975	-
Increase/Decrease in Trade Payables	40,000	(223,185)
Decrease in Receivables	2,825,899	6,192,297
Tax Paid	(290,911)	(93,032)
<b>Net Cashflows from operating Activities</b>	<b>41,929,246</b>	<b>6,487,599</b>

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

**15. Financial Risk Management**

The fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The fund relies on the Agency's risk management policies and systems to reflect changes in markets and emerging best practices which are regularly reviewed.

The Fund provides policies for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk and liquidity risk.

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

**a. Credit risk**

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

The Fund administration committee assesses the credit quality of each staff, considering 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 committee. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund'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 Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impair ed Kshs.
<b>At June 30, 2025</b>				
Receivables From Exchange Transactions-Car loans and mortgages	35,740,093	35,740,093	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Receivables from KenTrade	-	-	-	-
Bank Balances	65,612,493	65,612,493	-	-
<b>Total</b>	<b>101,352,586</b>	<b>101,352,586</b>	-	-
			-	-

The beneficiaries under the fully performing category are paying their debts. The credit risk associated with these receivables is minimal. The Fund administration committee 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 Fund's short, medium, and long-term funding and liquidity management requirements.

The Fund 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.



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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At June 30, 2025</b>				
Tax Payable	197,879	-	-	-
<b>Total</b>	<b>197,879</b>	<b>-</b>	<b>-</b>	<b>-</b>

**c. Market risk**

Market risk is the risk that the value of the investment will decrease due to changes in market factors such as interest rate, equity prices and foreign exchange rates. Although the risk is unlikely to occur in the short term, it is mitigated as follows:

1. Cash and short-term deposits are placed with a well- established financial institution of high quality and credit standing and also approved by the National Treasury and Economic Planning.
2. Funds are invested in short term facilities
3. The Fund's cash balances are in local currency
4. The Fund does not raise trade receivables in its ordinary cause of business.

**d. Interest rate risk**

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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.

**e. Capital Risk Management**

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revolving fund	97,310,020	77,958,476
Accumulated surplus ( <i>Reserves</i> )	3,084,687	2,890,162
<b>Total funds</b>	<b>100,394,707</b>	<b>80,848,638</b>
Less: cash and bank balances	(65,612,493)	(4,331,703)
Net debt/ (excess cash and cash equivalents)	34,782,214	76,516,935

**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 is related to the following entities:

- i. National government Fund
- ii. Key management;
- iii. Board of Trustees/Committee; etc.

**b) Related party transactions**

**i. Transfers from related parties**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from related parties	-	-
<b>Total Transfers from related parties</b>	<b>-</b>	<b>-</b>

**ii. Fund Management remuneration**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Fund Management remuneration	-	-
<b>Total Fund Management remuneration</b>	<b>-</b>	<b>-</b>

**17. Events after the Reporting Period**

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

**18. Currency**

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



## 20. Appendices

### Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p><b>1. Delay in Refund of Borrowed of Funds</b></p> <p>The statement of changes in net assets reflects a balance of Kshs.38,043,975 in respect of capital receivable from Agency. Further, an amount of Kshs.4,180,000 was transferred from the Fund to the Agency to finance the Agency activities contrary to Salaries and Remuneration Commission Circular SRC/ADM/1/13 VOL.III/(128) of 17 December,2014 on establishment of Mortgage and Car Loan Scheme for both state officers and public officers of the Government of Kenya. Although Management has indicated that the funds will be refunded in 2024/2025 financial year, borrowing by the Agency denies staff the benefits the scheme was intended to achieve.</p>	<p>The Agency has also refunded all the withdrawals made from the Mortgage and Car Loan scheme.</p>	Resolved	N/A

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Chief Executive Officer

Date: 12/11/2025