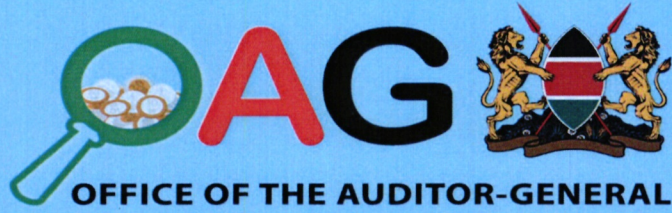
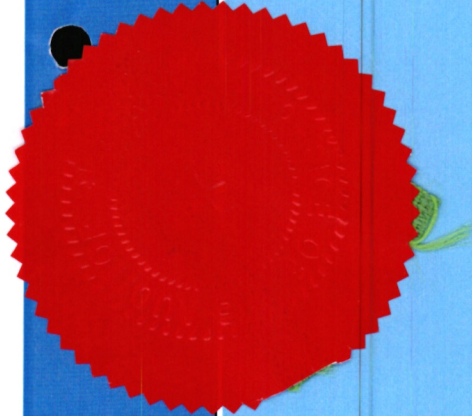


REPUBLIC OF KENYA



*Enhancing Accountability*



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COMMITTEE	_____
CLERK AT THE TABLE	Abdirahman Madim.

**REPORT**

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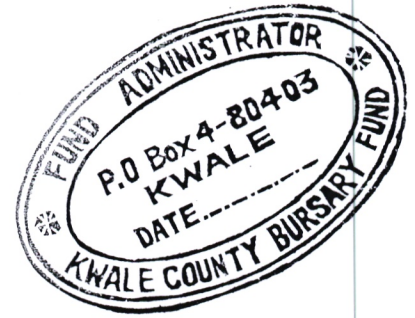
**ON**

**KWALE COUNTY BURSARY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

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**KWALE COUNTY BURSARY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2022**

---

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



***Kwale County Bursary Fund***

**Annual Report and Financial Statements for the year ended June 30, 2022**

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## ***Kwale County Bursary Fund***

### **Annual Report and Financial Statements for the year ended June 30, 2022**

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

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

The Kwale County Bursary Fund is established by Kwale County Bursary Fund Act 2014 and derives its authority and accountability from the Kwale County Bursary Fund Act 2014, as amended in 2015. The Fund is wholly owned by the County Government of Kwale and is domiciled in Kenya.

##### **b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to;

Support needy and high performing students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside Kenya.

**Mission:** To raise education standards in the county.

**Vision:** To grow human capital and also improve standards of living of Kwale residents.

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

1	Chief Officer finance	Alex Onduko Thomas
2	Fund Manager/ Administrator	Juma Mwanguta Nzao
3	Committee Members	Mwanahamisi Hamisi Bilashaka
4	Committee Members	James Ndegwa Hali
5	Committee Members	Rukia Said Beduni
6	Committee Members	Sebastian Mdawida Mwasicha
7	Committee Members	Paul Ole Rongiti
8	Committee Members	Barika Ali Kiponda

***Kwale County Bursary Fund***

**Annual Report and Financial Statements for the year ended June 30, 2022**

**d) Key Management**

1	Fund Manager/ Administrator	Juma Mwanguta Nzao
2	Fund Accountant	Zaituni Mlingo

***Kwale County Bursary Fund***

**Annual Report and Financial Statements for the year ended June 30, 2022**

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**e) Fund Contacts**

Kwale County Bursary Fund  
P.O Box 4-80403  
Kwale

**f) Fund Bankers**

Equity Bank  
P.O Box 167 -80403  
Kwale

**g) Independent Auditors**

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



**h) Controller of Budget**

Office of the Controller of Budget  
Bima House 12<sup>th</sup> Floor  
P.O BOX 35616-000100  
NAIROBI

**i) Principal Legal Adviser**

The County Legal Officer  
Office of the Governor  
P.O. Box 4 – 80403  
Kwale




**2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

<p>1.</p> 	<p>Date of birth: 22nd December 1969 Qualification: Certified Public Accountant of Kenya. Education: He holds a Masters of Business Administration (finance); He holds a Kenya advance certificate of education and also a Kenya certificate of education. Experience: 2013 to-date chief officer finance and economic planning. Senior Management course KSG Mombasa Strategic Leadership Development Programme KSG Nairobi 2011-2013: Town treasurer Town council of Kajiado. 2010-2011: Town treasurer Municipal council of Migori 2005-2010: Town treasurer Municipal council of Busia. 1990-2005: Accountant county council of Nakuru.</p>
<p>2.</p> 	<p>JumaNzao Date of Birth 9 May 1978 Appointed as Chief Officer in the Department of Education in February, 2021. He holds a Masters of Science Degree in Governance and Leadership from Jomo Kenyatta University of Agriculture and Technology, He also holds a Degree in Education from University of Nairobi He has 3 years' experience in the teaching profession from (2002-2005), 11 years' experience in development administration worked for Action Aid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015. In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Public Service and Administration in June 2019</p>

***Kwale County Bursary Fund***

**Annual Report and Financial Statements for the year ended June 30, 2022**

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<p>3.</p> 	<p><b>Mwanamisi Hamisi Bilashaka</b> Date of Birth: 10/10/1970 Appointed as County Bursary Committee Member on 17<sup>th</sup> February, 2021. Holds Masters in Education, Planning and Policy.</p> <p>She is currently working as Chief Principal at Mama Ngina Girls High School.</p> <p>Previously worked as a Head teacher at Matuga Girls High School from 2003 to 2017.</p> <p>She also served as a Head teacher at Kombeni Girls Secondary School from 1998 to 2003 and as a teacher from 1994 to 1998 at Ribe Girls Secondary School.</p>
<p>4.</p> 	<p><b>Mr. Paul Karduni Rongit</b> Date of Birth: 28/12/1973. Appointed as County Bursary Committee Member on 17<sup>th</sup> February, 2021.</p> <p>He is P1 trained Teachers Currently working as Head Teacher at Nyango Primary School in Kinango Sub County. He has 20 years of experience in the education sector.</p>
<p>5.</p> 	<p><b>Rukia Saidi Beduni</b> Date of Birth: 4/01/1962. Appointed as County Bursary Committee Member on 17<sup>th</sup> February, 2021.</p> <p>She is a degree holder in Education and Special needs. Currently working as a Head Teacher at Waa Boarding Primary School. Rukia has 39 years of experience in the Education Sector.</p>



6.

**James Ndegwa Hali**

Date of Birth: 1980

Appointed as County Bursary Committee Member on 17<sup>th</sup> February, 2021.

Diploma in social Ministry.

Worked with several NGO's as a volunteer e.g. Kenya Red Cross, World Vision Programme and World Food Programme on disaster mitigation.



7.

**Barika Ali Kiponda**

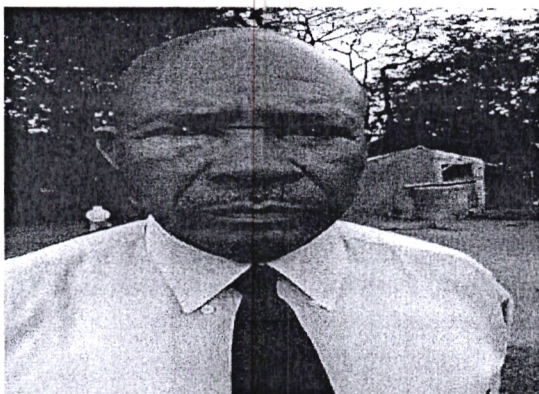
Date of Birth: 20/06/1987

Appointed as County Bursary Committee Member on 17<sup>th</sup> February, 2021.

Hold a Bachelor degree in Business Information Technology.

Currently working at Kenya Ferry Services as Security Assistant from 2016 to date

Previously worked at National Police Services as an Inspector.



8.

**Mr. Sebastian Mdawida Mwasicho**

Date of Birth: 26/12/1954

Appointed as County Bursary Committee Member on 17<sup>th</sup> February, 2021.

Trained P1 Teacher.

He Worked in the education sector serving in different position from a class teacher then promoted to SQASO. Sebastian left public service in 2009 having attained retirement age.

He is currently working in a Private ECDE college as a Principal.

**3. MANAGEMENT TEAM**

1.



**JumaNzao**

Date of Birth 9 May 1978

Appointed as Chief Officer in the Department of Education in February, 2021.

JumaNzao graduated from the University of Nairobi in 2002 with a Bachelor's Degree in Education and later completed his Masters of Science Degree in Governance and Leadership in 2018 at Jomo Kenyatta University of Agriculture and Technology. He has 3 years' experience in the teaching profession (2002-2005), 11 years' experience in development administration having worked for ActionAid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015.

In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Public Service and Administration in Kwale County Government in June 2019,



**Zaituni Abdurahman Mlingo**

Date of Birth 25 Nov 1983.

A holder of bachelor of Commerce Accounting Option from Technical university of Mombasa and also a Certified Public Accountant Finalist.

Was appointed as Principal Accountant in Oct 2013.

She is currently the head of accounts in Education department in Kwale County Government. She is also in charge of Kwale county Bursary Fund Financial matters.

She worked with the defunct local authority in 2009 to 2013 as an Accounts Assistant before her appointment with County Government of Kwale

She is a Member of Institutes of Certified Public Accountants Kenya (ICPAK) and also Association of Women accountants Kenya (AWAK)

#### **4. REPORT OF THE FUND CHAIRPERSON**

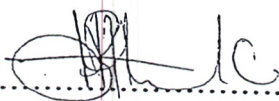
County Bursary fund was established in 2014 with the objective of uplifting the standards of education in the county through offering bursaries to bright and needy students at all levels of education. This was meant to address the key issues affecting education standards amongst them being low access, transition, retention and completion rates.

The Kwale County Bursary Fund by law is expected to operate under the direction and management of the County Bursary Fund Committee. The fund achieved impressive results over the reporting period; with a total of Ksh.498,992,289 disbursed to students in different categories of learning institutions. Specifically; 5,398 students in tertiary learning institutions and institutions of higher learning including universities received a total of Ksh.121,147,064. A total of 4,197 students who are pursuing secondary school education under scholarship and 19,465 from county and extra county schools received a total of Ksh.377,845,225.

Since the beginning of this fund in 2014, 7,885 secondary school students got scholarships; 3,963 university students have been received scholarships to pursue degree courses in different fields. During the financial year 2021-2022, a total of 19,728 students received bursary to enable them continue with their studies in county and extra county schools:

It is expected the number of students who qualify for the national schools and university scholarships will increase because this fund has motivated students to work harder and perform better in recent years. The fund's management will progressively find innovative solutions for education financing in Kwale by working with private sector players and other donor agencies to bridge the anticipated gap.

In the coming years, support to tertiary education specifically in universities and institutions of higher learning needs to be targeted so that money is invested where it is needed most and where scholarships will help to fill the human resource gap in specific sectors where Kwale has knowledge and skills gap.



.....  
**MWANAMISI H. BILASHAKA**

**FUND CHAIRPERSON**

**KWALE COUNTY BURSARY FUND**

## **5. REPORT OF THE FUND ADMINISTRATOR**

Education financing has for a long time been a big challenge in Kwale given the high poverty level. Many students from poor families have been striving to change their standard of living through academic excellence; however their dreams have been shattered since their families are not able to support them.

The retention rate for students from Kwale County in secondary schools was very low as students would be chased away from school for failure to pay school fees and other levies in good time. The low transition rates of students translated to very poor performance for Kwale County in the education sector.

It is against this back ground that the Bursary Fund was established in financial year 2014-2015 through enactment of the Kwale County Bursary Fund Act, 2014. After being implemented over a period of one year, the Kwale County Bursary Fund Act, 2014 was amended in 2015 mainly to promote separation of powers between the county executive and the county legislature in the process of implementing the bursary program.

The fund seeks to improve access to education, retention as well as transition rates in Kwale so as to improve education standards through education financing for students in secondary school, universities, colleges and other institutions of higher learning. The support is targeted at needy but high performing students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside the country.

The fund raises its funds through exchequer allocations after approval by the controller of budget. The act also allows the fund to raise funds through donors and other well-wishers. In the financial year 2021-2022 the budgetary allocation to the fund was Ksh 450 million. This was then distributed equally among the twenty wards translating to an allocation of Ksh. 22.5 million per ward.

During the Financial Year 2021-2022, the fund spent a total of Kshs498,992,289 the broad student categories are students in tertiary institutions (including universities) and secondary schools students. During the reporting period, students pursuing tertiary education received

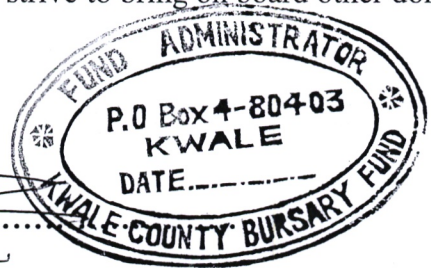
***Kwale County Bursary Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

support amounting to Ksh.121, 147,064 while secondary school students received Ksh.377,845,225.

The fund has achieved tremendous progress over the years. A total of 7,885 students have so far received scholarships for their secondary school education in under scholarship since the beginning of the fund; during the reporting period a total of 4,197 students were supported under scholarship programme in secondary schools and 3,963 received scholarships to support them to pursue different degree courses in universities; since the beginning of this program. The fund also provided bursary to a total of 19,728 students in county and extra county secondary schools.

This program has restored hope among students in Kwale. More and more students from poor family backgrounds are working harder, performing better, performing and qualifying for bursary or scholarship. Equally, the COVID-19 pandemic necessitated containment measures including school closures over a long period leading to revision of term dates. As a result, two academic years are falling in the financial year 2021-2022. Consequently, the annual allocation of Ksh 400 million to the bursary fund may not be sufficient to cater for the escalated education financing needs. The demand for scholarships and bursary is therefore increasing to levels that cannot be sustained by the current fund limit of Ksh 400 Million. In order to fund management and county leadership will strive to bring on board other donors to compliment the fund.

.....  
.....



**JUMA NZAO**  
**FUND ADMINISTRATOR**  
**KWALE COUNTY BURSARY FUND**

**6. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S  
PREDETERMINED OBJECTIVES**

**Introduction**

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

The key development objectives of the County Bursary Fund 2018-2022 plan are to:

To promote students' enrolment, attendance, retention, performance and transition rates in schools, colleges, Vocational Training Centres and Universities.

**Progress on attainment of Strategic development objectives (Adopted from Kwale County- Customize as per Specific County,**

Below we provide the progress on attaining the stated objectives:

Bursary and Scholarship	To promote students' enrolment, attendance, retention, performance and transition rates in schools, colleges, Vocational Training Centres and Universities.	Improved county human capital development	% Number of needy students transitioning from primary to secondary and to tertiary levels of education	In FY 21/22 we spent Ksh.377,845,225 & 1121,147,064 on Secondary and Tertiary education respectively
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## **7. CORPORATE GOVERNANCE STATEMENT**

The bursary fund was established with one major objective of improving the education standards of Kwale County which is a recipe for improving the socio-economic standards of the people. The “**ELIMU NI SASA**” Initiative which is the main driving force of the fund has seen increased enrolment in our Learning Institutions, increased retention rates, high transition rates, and increased access to education opportunities in the County.

Kwale County Bursary fund is managed by two committees, County Bursary Committee and Ward Bursary Committees as envisaged in the Kwale County Bursary Act 2014.

At the County level there is a County bursary committee with the following mandates:-

- Equally share funds amongst the 20 wards existing in the county
- Approve disbursement of bursaries to awarded students
- Monitor allocations of bursaries to ensure needs and deserving students benefit
- Maintain and update a database of all applicants and beneficiaries of the fund
- Produce and share disbursement reports with the Governor and County Assembly after every three months.

The County bursary committee is appointed by the Governor and approved by the County Assembly and the membership includes:-

- County Executive Committee Member in charge of Education
- Chief Officer in charge of Finance and economic planning who shall be secretary
- Members of the public, that is,
  - 1 representative of learning institutions
  - 1 representative from women
  - 1 representative from youth
  - 1 representative from persons with disabilities
  - 1 representative from marginalized groups
  - 2 representatives from religious bodies
  - 1 representative from a civil society dealing with education matters

Equally there are 20 Ward Bursary committees in the County whose main roles are;

- Invite applications for fees support.
- Receive applications.
- Scrutinize and verify all applicants supporting documents submitted by the applicants.
- Identify beneficiaries of the Bursary Fund.
- Verify all allocated bursaries to beneficiaries.
- Prepare a data bank of all the beneficiaries;
- Sensitizing the community on procedures for application, time for application, deadlines and qualifications for funding.

***Kwale County Bursary Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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- Prepare and display separate list of applicants and beneficiaries indicating the amount awarded per beneficiary for public viewing.
- Forward to the County Bursary Committee minutes and records of nominated bursary beneficiaries; and
- Look for other sources of funds and donors.

Ward bursary Committees are democratically elected by citizens in their respective wards. Ward administrators are secretaries of the ward bursary committees. The members of the ward bursary committee are:-

- The ward administrator who is the Secretary
- Five representatives elected by residents from the village units within the ward
- Three members elected by residents from village units within the ward to represent marginalized groups (Youth, Women and Persons with disabilities)

The chairperson of the committee is elected by representatives to the ward bursary committee. For deliberations, the ward committee is to have four sittings in a year while the County Bursary Committee is also to have four (4) numbers of meetings. Members of both committees are entitled to sitting allowances and not wages.

All members of the respective committees are required to attend meetings.

The County bursary committee period in office is two years. The two years period is renewable but one cannot serve for more than two terms. For the ward bursary committee, the period in office is a 5 year term. Immediately the committee assumes office, the Department of Education has an elaborate 2 days programme for training members on their roles so as to enable them execute their mandates.

Members should up hold integrity and should follow the law so as to serve the citizens fairly. The fund is audited annually by the office of the auditor general.

**8. MANAGEMENT DISCUSSION AND ANALYSIS**

The Fund receives its revenue from County Treasury through exchequer. Its main expenditure is bursary and 2% is used to finance the Funds 'administrative cost.

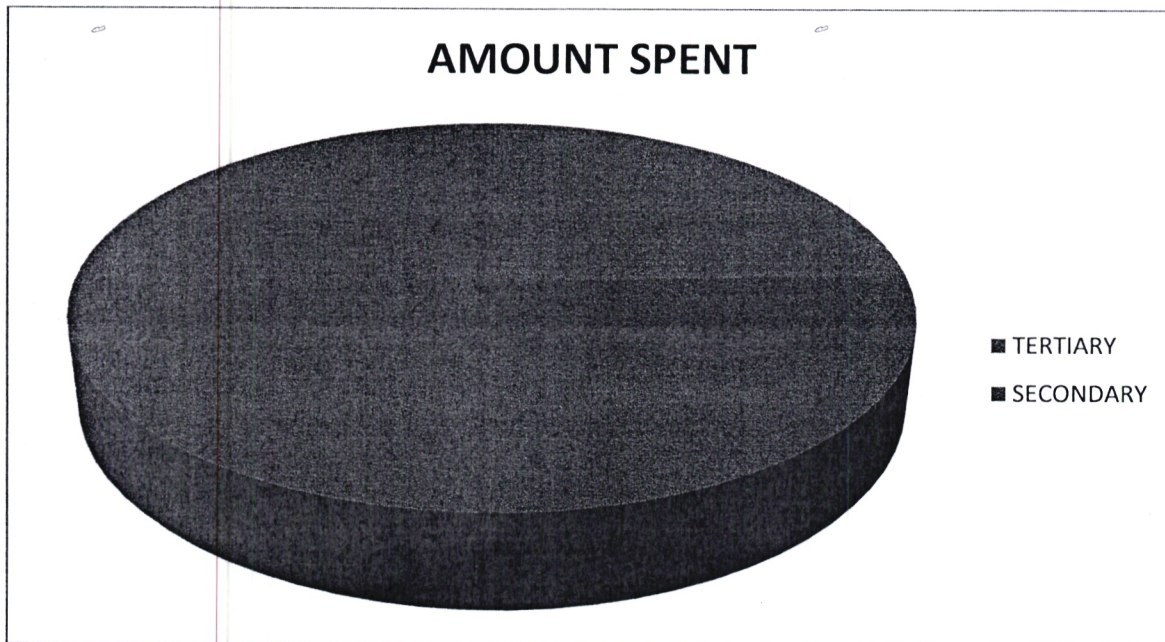
In the Financial year 2021-2022 a total of Ksh498,992,289 was disbursed to students in different categories of learning institutions. Specifically; 5,398 students in tertiary learning institutions and institutions of higher learning including universities, 4,197 students who are pursuing secondary school education under scholarship programme. The fund also provided bursary to a total of 19,728 students in county and extra county secondary schools.

The Fund has been fully sponsoring needy students joining National secondary schools KUCCPS University Students

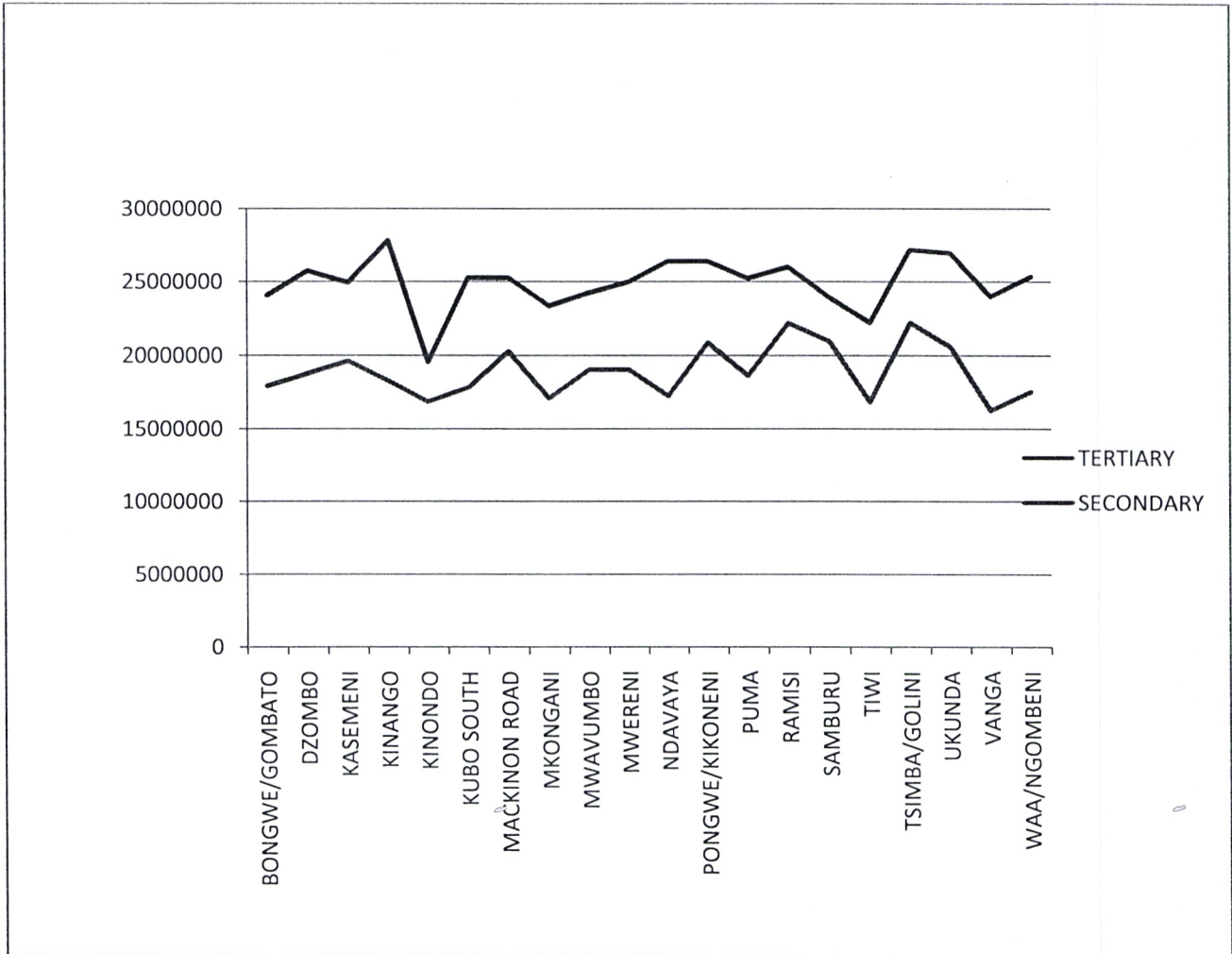
The Funds operations follow strictly the Bursary Fund Act 2014 and financial matters uses guidelines of the PFM Act and Procurement procedures as required by the Law.

The Fund distribution performance for the financial year 2021/2022 is depicted in the graph and pie charts below.

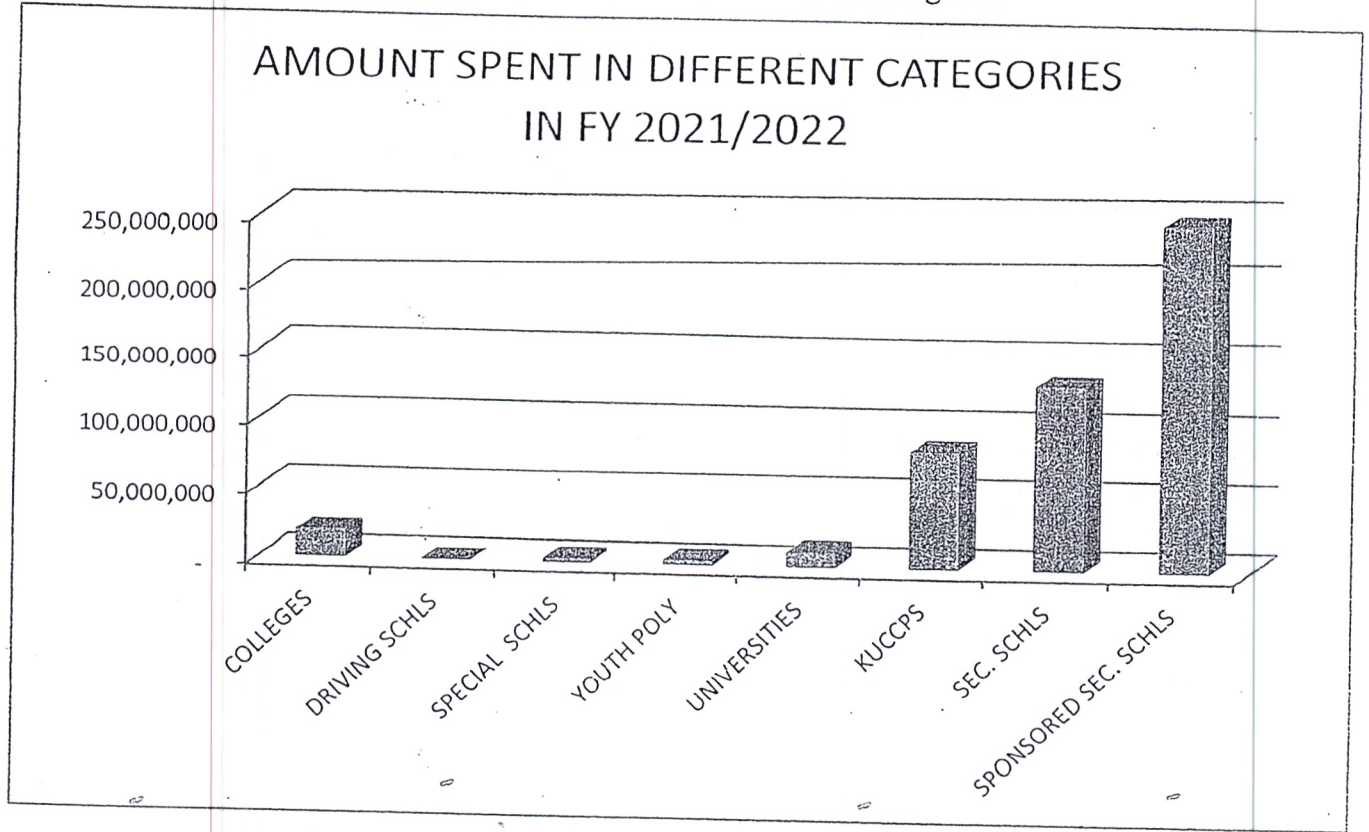
The Pie Chart below shows the amount spent on Needy Students in Tertiary and Secondary levels during the Year.



**Ward Beneficiaries in Tertiary and Secondary Levels Financial year 2021/2022**



The Graph below shows the amount spent on Bursary in various Categories



*Kwale County Bursary Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**9. Report of the Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

**10.1 Principal activities**

The principal activities of the Fund are Support needy and high performing students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside Kenya.

**10.2 Performance**

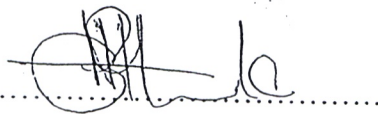
The performance of the Fund for the year ended June 30, 2022, are set out on page 1.

**10.3 Trustees**

The members of the Board of Trustees who served during the year are shown on page (vi-viii).

**10.4 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. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the County Bursary Fund for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.



.....  
**Chair of the Board/Fund Administration Committee**

**Date:**

## **10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Bursary Fund established by Kwale County Bursary Fund Act 2014, as amended in 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Bursary Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Bursary Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kwale County Bursary Fund Act 2014, as amended in 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date.

***Kwale County Bursary Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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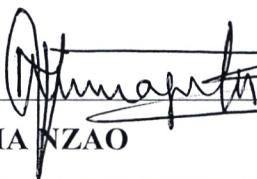
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Bursary Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

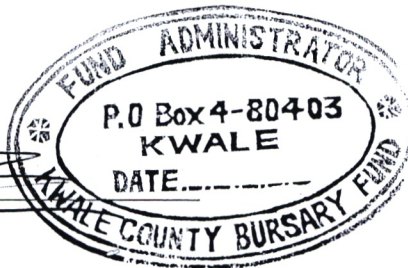
The Fund's financial statements were approved by the Board on 22/12/ 2022 and signed on its behalf by:



JUMA NZAO

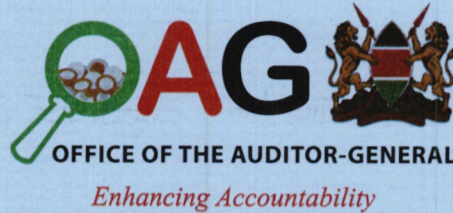
FUND ADMINISTRATOR

KWALE COUNTY BURSARY FUND



# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

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

#### **Opinion**

I have audited the accompanying financial statements of the Kwale County Bursary Fund set out on pages 1 to 40, which comprise the statement of financial position as at 30 June, 2022, 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 Kwale County Bursary Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved those matters nor disclosed them under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

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

### **Conclusion**

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

## **Basis for Conclusion**

### **Inadequacy of the Enabling Legislation**

As previously reported, the Kwale County Bursary Fund Act, 2014 does not provide for winding-up of the Fund, contrary to Regulation 198 of Public Finance Management (County Governments) Regulations, 2015 which provides that the County Executive Committee Member shall provide for the Management, operation and winding-up procedure in the guidelines for establishing each Fund which shall be in accordance with the Act and these Regulations.

In the circumstances, the law establishing the Fund is not aligned to the Public Finance Management Act, 2012.

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

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

### **Conclusion**

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

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

### **Responsibilities of Management and The Board of Trustees**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

27 February, 2023

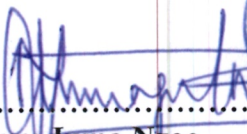
*Kwale County Bursary Fund*

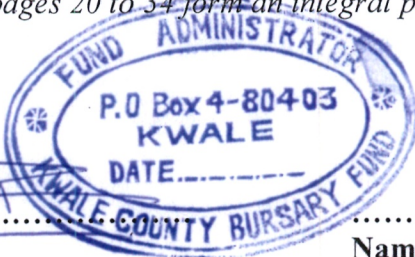

**Annual Report and Financial Statements for the year ended June 30, 2022**

**12. Statement of Financial Performance for the Year Ended 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1		
Transfers From the County Government	2	450,000,000	400,000,000
Fines, Penalties and Other Levies	3		
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
<b>Total Revenue</b>		<b>450,000,000</b>	<b>400,000,000</b>
<b>Expenses</b>			
Bursaries	6	441,000,000	392,000,000
Fund Administration Expenses/Use of goods and services	7	13,202,009	5,943,945
Depreciation and Amortization Expense	8	297,991	237,673
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>454,500,000</b>	<b>398,181,618</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
<b>Surplus/(Deficit) For The Period</b>		<b>(4,500,000)</b>	<b>1,818,382</b>

*(The notes set out on pages 20 to 34 form an integral part of these Financial Statements)*

  
Name: Juma Nzao  
Administrator of the Fund

  
  
Name: Zaituni A. Mlingo  
Fund Accountant  
ICPAK Member Number: 17232

*Kwale County Bursary Fund*

Annual Report and Financial Statements for the year ended June 30, 2022

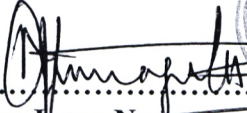
13. Statement of Financial Position As At 30 June 2022

<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	43,595,293	105,789,590
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		<b>43,595,293</b>	<b>105,789,590</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	1,076,569	1,374,561
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	-	-
		<b>1,076,569</b>	<b>1,374,561</b>
<b>Total Assets</b>		<b>44,671,862</b>	<b>107,164,151</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	17	-	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
Bursary Balances Per Ward	22F	41,064,763	99,057,052
		<b>41,064,763</b>	<b>99,057,052</b>
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
<b>Total Liabilities</b>		<b>41,064,763</b>	<b>99,057,052</b>
<b>Net Assets</b>			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		3,607,099	8,107,099

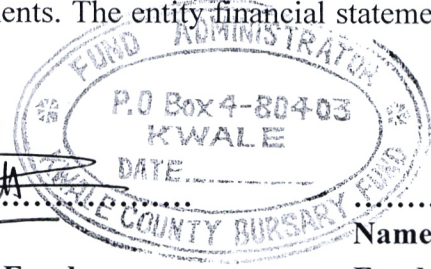
***Kwale County Bursary Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

<b>Total Net Assets and Liabilities</b>		<b>44,671,862</b>	<b>107,164,151</b>
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22/12/2022 and signed by:



.....  
Name: **Juma Nzao**  
Administrator of the Fund

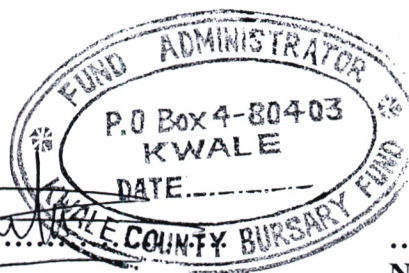


.....  
Name: **Zaituni A. Mlingo**  
Fund Accountant  
ICPAK Member Number: 17232

**Kwale County Bursary Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**14. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022**

<b>Balance As At 1 July 2020</b>		-	-	6,288,717	6,288,717
Surplus/(Deficit) For the Period		-	-	1,818,382	1,818,382
Funds Received During the Year		-	-		-
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
<b>Balance As At 30 June 2021</b>		-	-	<b>8,107,099</b>	<b>8,107,099</b>
<b>Balance As At 1 July 2021</b>		-	-	<b>8,107,099</b>	<b>8,107,099</b>
Surplus/(Deficit) For the Period			-	(4,500,000)	(4,500,000)
Funds Received During the Year		-	-	-	-
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
<b>Balance As At 30 June 2022</b>		-	-	<b>3,607,099</b>	<b>3,607,099</b>



.....  
**Name: Juma Nzao**  
**Administrator of the Fund**

.....  
**Name: Zaituni A. Mlingo**  
**Fund Accountant**  
**ICPAK Member Number: 17232**

**Kwale County Bursary Fund**

**Annual Report and Financial Statements for the year ended June 30, 2022**

**15. Statement of Cash Flows for the Year Ended 30 June 2022**

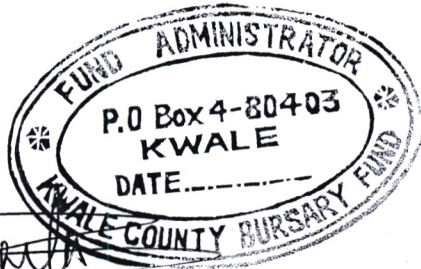
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the county government	2	450,000,000	404,500,000
Interest received		-	-
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>450,000,000</b>	<b>404,500,000</b>
<b>Payments</b>			
Bursaries		498,992,289	324,548,139
Fund administration expenses	7	13,202,009	5,943,945
General expenses		-	-
Finance cost		-	-
Other payments		-	-
		512,194,298	330,492,084
<b>Net cash flows from operating activities</b>	21	<b>(62,194,298)</b>	<b>74,007,916</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	(640,000)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>(640,000)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(62,194,298)</b>	<b>73,367,916</b>
Cash and cash equivalents at 1 July	11	<b>105,789,591</b>	<b>32,421,609</b>

**Kwale County Bursary Fund**

**Annual Report and Financial Statements for the year ended June 30, 2022**

Cash and cash equivalents at 30 june	11	43,595,293	105,789,591
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*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)*



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.....  
Name: Juma Nzao  
Administrator of the Fund

*[Handwritten signature]*

.....  
Name: Zaituni A. Mlingo  
Fund Accountant  
ICPAK Member Number: 17232

**16. Statement of Comparison of Budget and Actual Amounts for the Period**

<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Public Contributions And Donations	-	-	-	-	-	0%
Transfers From County Govt.	400,000,000	50,000,000	450,000,000	450,000,000		100%
Interest Income	-	-	-	-	-	0%
Other Income	-	-	-	-	-	0%
<b>Total Income</b>	<b>400,000,000</b>	<b>50,000,000</b>	<b>450,000,000</b>	<b>450,000,000</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses	441,000,000	-	441,000,000	498,992,289	(57,992,289)	113%
General Expenses	14,711,781	-	14,711,781	13,202,009	1,509,772	90%
Finance Cost	-	-	-	-	-	0%
<b>Total Expenditure</b>	<b>455,711,781</b>	<b>-</b>	<b>455,711,781</b>	<b>512,194,298</b>	<b>(56,482,417)</b>	<b>112%</b>
<b>Surplus For The Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(62,194,298)</b>		

**Budget notes.**

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

***Kwale County Bursary Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

<b>Reconciliations</b>	<b>S. Financial Performance</b>	<b>Comparison of Budget</b>	<b>Difference</b>	<b>Comments</b>
Fund administration expenses	441,000,000	498,992,289	(57,992,289)	This was as result of payment of previous years ward balances
General expenses	14,711,781	13,202,009	1,509,772	

***Kwale County Bursary Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

**1. General Information**

Kwale County Bursary Fund entity is established by and derives its authority and accountability from the Kwale County Bursary Fund Act 2014, as amended in 2015. The entity's principal activity is to support needy and high performing students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside Kenya.

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

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

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

**3. Adoption of new and revised standards**

**(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022	
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

		<ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>		<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial</p>		<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

*Kwale County Bursary Fund*

**Annual Report and Financial Statements for the year ended June 30, 2022**

Annual Report and Financial Statements for the year ended June 30, 2022	
Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b><i>State the impact of the standard to the Entity if relevant</i></b></p>
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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present</p>

	information on right of use assets and lease liabilities. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</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>State the impact of the standard to the Entity if relevant</i></p>

**(iii)Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022.

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

Transfers from other government entities

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

**ii. Revenue from exchange transactions**

*Interest income*

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

**b) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on 30<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh.50 Million on the FY 2021-2022 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented on page 1 of these financial statements.

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

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**a) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

***Loans and receivables***

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

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

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

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

**b) Inventories**

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

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

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

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

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

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

**c) Provisions**

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

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

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

***Contingent liabilities***

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

*Summary of Significant Accounting Policies (Continued)*

**Contingent assets**

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

**d) Nature and purpose of reserves**

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

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

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

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

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

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

**g) Foreign currency transactions**

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

*Summary of Significant Accounting Policies (Continued)*

**h) Borrowing costs**

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

**i) Related parties**

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

**j) Cash and cash equivalents**

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

**k) Comparative figures**

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

**l) Events after the reporting period**

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

**m) Ultimate and Holding Entity**

The entity is a County Bursary Fund established by Bursary Act 2014 under the Department of Education. Its ultimate parent is the County Government of Kwale.

**n) Currency**

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

*Summary of Significant Accounting Policies (Continued)*

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

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

State all judgements, estimates and assumptions made e.g.

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

**b) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*Kwale County Bursary Fund*

**Annual Report and Financial Statements for the year ended June 30, 2022**

**6. Notes to the Financial Statements**

**1. Public contributions and donations**

Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

Transfers From County Govt. –Operations	450,000,000	400,000,000
Payments By County On Behalf Of The Entity	-	-
<b>Total</b>	<b>450,000,000</b>	<b>400,000,000</b>

**3. Fines, penalties and other levies**

Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**4. Interest income**

Interest Income From Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

***Kwale County Bursary Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**Notes to the Financial Statements Continued**

**5. Other income**

Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
<b>Total Other Income</b>	-	-

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).*

**6. Bursaries**

Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration Expense	-	-
Scholarships and other Educational Benefits - Tertiary Education	120,000,000	160,000,000
Scholarships and other Educational Benefits - Secondary Education	321,000,000	231,300,000
Educational Allowance	-	700,000
Scholarships and Other Educational Benefits	-	-
Scholarships and Other Educational benefit ( To be paid)	-	-
<b>Total</b>	<b>441,000,000</b>	<b>392,000,000</b>

**KwaleCounty Bursary Fund****Annual Report and Financial Statements for the year ended June 30, 2022****6A. Employee Costs**

Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**7. Use of Goods and Services/Admin expenses**

General Office Expenses	4,312,899	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	1,915,700	1,440,000
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	5,475,235	1,892,575
Bank Charges	1,498,175	1,112,270
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Hospitality & Subsistence Allow	-	1,499,100
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	<b>13,202,009</b>	<b>5,943,945</b>

*Kwale County Bursary Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**8. Depreciation and Amortization Expense**

Property Plant and Equipment	297,991	237,673
Intangible Assets	-	-
<b>Total</b>	<b>297,991</b>	<b>237,673</b>

**9. Finance costs**

Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/ (loss) on disposal of assets**

Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*Kwale County Bursary Fund*

Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	43,347,352	105,749,940
Cash on hand	247,940	39,650
Others		
<b>Total Cash and Cash Equivalents</b>	<b>43,595,293</b>	<b>105,789,590</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank		-	-
Equity Bank( K) Limited	158023149560	43,347,353	105,749,940
<b>Sub- Total</b>		<b>43,347,353</b>	<b>105,749,940</b>
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		247,940	39,650
<b>Sub- Total</b>		<b>247,940</b>	<b>39,650</b>

*Kwale County Bursary Fund*

Annual Report and Financial Statements for the year ended June 30, 2022

<b>Grand Total</b>		<b>43,595,293</b>	<b>105,789,590</b>
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**12. Receivables from exchange transactions**

12. Receivables from exchange transactions			
<b>Current Receivables</b>			
Interest Receivable	-		-
Current Loan Repayments Due	-		-
Other Exchange Debtors	-		-
Less: Impairment Allowance	(-)		(-)
<b>Total Current Receivables</b>			
<b>Non-Current Receivables</b>			
Long Term Loan Repayments Due	-		-
<b>Total Non- Current Receivables</b>	-		-
<b>Total Receivables From Exchange Transactions</b>	-		-

**Additional disclosure on interest receivable**

Additional disclosure on interest receivable			
<b>Interest Receivable</b>			
Interest receivable from current portion of long-term loans of previous years	-		-
Accrued interest receivable from of long-term loans of previous years	-		-
Interest receivable from current portion of long-term loans issued in the current year	-		-
<b>Current loan repayments due</b>			
Current portion of long-term loans from previous years	-		-
Accrued principal from long-terms loans from previous periods	-		-
Current portion of long-term loans issued in the current year	-		-

***Kwale County Bursary Fund***

**Annual Report and Financial Statements for the year ended June 30, 2022**

**13. Prepayments**

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
<b>Total</b>	-	-

**14. Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
<b>Total Inventories At The Lower Of Cost And Net Realizable Value</b>	-	-

*Kwale County Bursary Fund*

**Annual Report and Financial Statements for the year ended June 30, 2022**

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

**15. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2020</b>	-	-	480,000	895,030.00	1,375,030
Additions	-	-	-	640,000	640,000
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
<b>At 30<sup>th</sup> June 2021</b>	-	-	480,000	1,535,030	2,015,030
<b>At 1<sup>st</sup> July 2021</b>	-	-	480,000	1,535,030	2,015,030
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
<b>At 30<sup>th</sup> June 2022</b>	-	-	480,000	1,535,030	2,015,030
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2020	(-)	(-)	(76,000)	(326,796)	(402,796)
Depreciation	(-)	(-)	(48,000)	(189,673)	(237,673)
Impairment	(-)	-	-	-	(-)
<b>At 30<sup>th</sup> June 2021</b>	-	-	(124,000)	(516,469)	(640,469)
<b>At 1<sup>st</sup> July 2021</b>					
Depreciation	-	-	(48,000)	(249,991)	(297,991)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

*Kwale County Bursary Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	<b>(172,000)</b>	<b>(766,461)</b>	<b>(938,461)</b>
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June 2021</b>	-	-	<b>356,000</b>	<b>378,561</b>	<b>734,561</b>
<b>At 30<sup>th</sup> June 2022</b>	-	-	<b>308,000</b>	<b>768,569</b>	<b>1,076,569</b>

*Kwale County Bursary Fund*

Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

**16. Intangible assets**

<b>Cost</b>			
<b>At Beginning Of The Year</b>	-	-	
Additions	-	-	
<b>At End Of The Year</b>	-	-	
<b>Amortization And Impairment</b>			
<b>At Beginning Of The Year</b>	-	-	
Amortization	-	-	
<b>At End Of The Year</b>	-	-	
Impairment Loss	-	-	
<b>At End Of The Year</b>	-	-	
<b>NBV</b>	-	-	

**17. Trade and other payables from exchange transactions**

Trade Payables	-	-	
Refundable Deposits	-	-	
Accrued Expenses	-	-	
Other Payables	-	-	
<b>Total Trade And Other Payables</b>	-	-	

**18. Provisions**

Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due To Discount And Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non -Current Provisions	-	-	-	-
<b>Balance At The End Of The Year (30.06.2022)</b>	-	-	-	-

*Kwale County Bursary Fund*

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

19. Borrowings

<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
<b>Balance At End of The Period</b>	-	-

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

<b>External Borrowings</b>		
Dollar Denominated Loan From Organisation'	-	-
Sterling Pound Denominated Loan From Organisation'	-	-
Euro Denominated Loan from Organisation'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End Of The Year</b>	-	-

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

Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

*(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)*

*Kwale County Bursary Fund*

Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

20. Employee benefit obligations

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

21. Cash generated from operations

<b>Surplus/ (Deficit) For the Year Before Tax</b>	(4,500,000)	1,858,457
<b>Adjusted For:</b>		
Depreciation	297,991	237,673
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	4,500,000
Increase In Payables	(57,992,289)	67,451,861
<b>Net Cash Flow From Operating Activities</b>	<b>(62,194,298)</b>	<b>74,047,991</b>

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

***Kwale County Bursary Fund***

**Annual Report and Financial Statements for the year ended June 30, 2022**

**Other Disclosures**

**22. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Related Party Transactions		
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

Key Management Remuneration		
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Due from Related Parties		
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

*Kwale County Bursary Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**Other Disclosures Continued**

**e) Due to related parties**

Other Disclosures Continued		
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**f) Bursary balances per ward**

Bursary balances per ward		
Bongwe/Gombato	1,520,508	3,544,214
Dzombo	1,517,028	5,203,081
Kasemeni	1,948,559	4,846,196
Kinango	549,048	6,315,395
Kinondo	3,778,892	1,282,047
Kubo South	3,104,132	6,329,788
Macknon	2,504,419	5,728,001
Mkongani	3,398,309	4,712,104
Mwavumbo	3,740,949	5,944,740
Mwereni	3,393,234	6,332,044
Ndavaya	2,316,397	6,666,935
PongweKikoneni	2,020,620	6,375,989
Puma	778,881	3,953,605
Ramisi	526,322	4,483,783
Samburu Chengoni	2,296,208	4,183,586
Tiwi	2,374,310	2,555,447
TsimbaGolini	-	5,137,057
Ukunda	-	4,909,006
Vanga	3,368,922	5,319,406
Waa Ng'ombeni	1,928,025	5,234,628
<b>Totals</b>	<b>41,064,763</b>	<b>99,057,052</b>

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**23. Contingent assets and contingent liabilities**

Court Case Against The Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

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**Other Disclosures Continued**

**24. Financial risk management**

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

**a) Credit risk**

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

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

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

<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

**b) Liquidity risk management**

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

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

<b>At 30 June 2022</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

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**Foreign currency sensitivity analysis**

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

2022				
Euro		10%	-	-
USD		10%	-	-
2021				
Euro		10%	-	-
USD		10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

**d) Capital risk management**

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

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Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-0%	-0%


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

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




***Guidance Notes:***

- a) *Use the same reference numbers as contained in the external audit report;*
- b) *Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;*
- c) *Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;*
- d) *Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.*

