

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

MOMBASA COUNTY ELIMU SCHEME

**FOR THE YEAR ENDED
30 JUNE, 2023**

PAPERS LAID	
DATE	7/3/2024
TABLED BY	SMC
COMMITTEE	
CLERK AT THE TABLE	Chung



ELIMU SCHEME
Restoring Broken
Foundations

MOMBASA COUNTY ELIMU SCHEME

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

**Mombasa County Elimu Scheme
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1 Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
MBA	Master of Business Administration
BBA	Bachelor of Business Administration
FY	Financial Year

b) Glossary of Terms

Fiduciary Management - The key management personnel who had financial responsibility.

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2 Key Entity Information and Management

a) Background information

The Mombasa County Elimu Scheme is established by the Mombasa County Elimu Scheme Act, 2023. The Scheme is wholly owned by the County Government of Mombasa and is domiciled in Kenya.

The Scheme's objective is to administer the disbursement of loans and bursaries.

The Scheme's principal activity is to issue bursaries and loans to needy and bright students of Mombasa County and solicit for funds.

b) Principal Activities

The principal mandate of the Scheme is to solicit for; and administer bursaries and loans to the needy and bright students of Mombasa County.

c) Board of Trustees/Scheme Administration Committee

Ref	Name	Position
1	Dalton James Mwaghogho	Chairperson
2	Abdulkader Abdulmajid Bagha	Member
3	Ms. Bennette Nzamba	Member
4	Ms. Samira Abdalla	Member
5	Mr. John Musuva	Ag. Scheme Administrator
6	Mr. Ridhiwani Ayub	Ag. Chief Officer Finance & Economic Planning

d) Key Management team

Ref	Name	Position
1	Mr. John Musuva	Ag. Scheme Administrator
2	Mr. Randiek Odida	Financial Aid Manager
3	Mr. Alhadin Athman	Asst. Financial Aid Manager.

e) Registered Offices

P.O. Box 90381 - 80100
Bima Towers 4th Floor
Digo Road
Mombasa, Kenya.

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Key Entity Information and Management (Continued)

f) Scheme Contacts

E-mail: elimufund@mombasa.go.ke

Website: www.mombasa.go.ke

g) Scheme Bankers

Kenya Commercial Bank
Treasury Square
P.O Box 90254 – 80100
Mombasa, Kenya.

h) Independent Auditors



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

i) Principal Legal Adviser

The County Attorney General
Office of the County Attorney
County Government of Mombasa
Bima Towers 4th Floor, Digo Road.
P.O. Box 90440 - 80100
Mombasa, Kenya.




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3 Board of Trustees


Name	Details of qualifications and experience
 <p>DALTON MWAGHOGHO</p>	<p style="text-align: center;">BOARD CHAIRPERSON</p> <p>Mr. Dalton Mwaghogho James is a highly accomplished and qualified professional, holding certifications such as: The Certified Public Accountant (CPA), Fellow of The Association of Chartered Certified Accountants (FCCA), and a member of various prestigious accounting and secretarial bodies. He also holds an MBA in Strategic Management and has extensive experience in financial leadership and strategic planning. He has effectively guided institutions like the Technical University of Mombasa; and Taita Taveta University in financial strategies; budgeting; accounting; and reporting. His expertise in financial management, regulatory compliance, and process improvement is underpinned by strong communication skills and a collaborative nature that allows for effective interaction with colleagues and stakeholders across all levels. Additionally, Dalton has demonstrated proactive involvement in industry forums, mentorship initiatives, and public service roles, showcasing a well-rounded and dedicated professional.</p>
 <p>BENNETTE NZAMBA</p>	<p style="text-align: center;">BOARD MEMBER.</p> <p>Ms. Bennette Wamwene Nzamba is an Advocate of the High Court of Kenya. She is a dedicated and ambitious Kenyan legal professional with a profound passion for the law. She is a Managing Partner and founder of Bennette Nzamba & Company Advocates. She holds a Bachelor of Law and is currently pursuing a Master of Laws in International Trade and Investments qualification. She possesses a solid grasp of various legal domains. Her expertise encompasses Commercial law, Civil and Criminal Procedure, and Advocacy skills, complemented by strong analytical abilities and effective communication. Ms. Nzamba has gained substantial experience through her roles in legal research, litigation, consultancy, and alternative dispute resolution. Ms. Nzamba is a Certified Professional Mediator (CPM) - Judiciary of Kenya and a member of the Chartered Institute of Arbitrators (CIArb). She aims to utilize her legal acumen to develop innovative ideas and solutions to aid the legal profession; promoting justice; fairness; and upholding the Rule of Law. Alongside her legal pursuits, she is actively engaged in societal contributions and holds positions within legal committees and community organizations. Her determination and commitment underline her drive to make a positive impact in the dynamic and challenging field of law.</p>

Mombasa County Elimu Scheme

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Name	Details of qualifications and experience
 <p>SAMIRA ABDALLAH</p>	<p style="text-align: center;">BOARD MEMBER</p> <p>Ms. Samira Abdallah is a highly experienced and decisive lecturer with an impressive 32-year track record in teaching and project management. She holds a Bachelor degree in Communication & Public Relations from Moi University and a Diploma in Education from Siriba Teachers College. She also possesses excellent organizational skills and a knack for strategic and analytical thinking. Notably, Samira has excelled as a coordinator of a Small Business Centre, overseeing diverse training programs and offering business advice. She has successfully managed various projects and committees, including chairing the Bursary Committee in Nyali Sub-County, and coordinating the City Polytechnic programme. In her current role as Principal at Likoni Technical & Vocational College, she effectively manages curriculum implementation; human resources; and institutional finances while demonstrating strong leadership and financial acumen.</p>
 <p>ABDUL KADER ABDUL MAJID BAGHA</p>	<p style="text-align: center;">BOARD MEMBER</p> <p>Mr. Abdul Bagha is a seasoned finance professional with over 25 years of experience in audit and assurance services, tax advisory, and consultancy. He is a Certified Public Accountant (CPA) and a member of the Association of Chartered Certified Accountants (ACCA). He has a strong background in Strategic Financial Management. Abdul has held key roles in both the public and private sectors, with notable achievements such as establishing independent accounts and internal audit departments for a large conglomerate; implementing budgeting and standard costing methodologies; and spearheading joint ventures in the milling industry. He has also played a pivotal role in the growth and management of accounting firms, contributing to their expansion and enhancing client service delivery. Abdul's diverse skills; extensive expertise; and active involvement in community organizations makes him a versatile and accomplished finance professional.</p>
 <p>RIDHIWANI AYUB</p>	<p style="text-align: center;">BOARD MEMBER</p> <p>Mr. Ridhiwani Ayub Buhiri is a professional with extensive experience in financial management and administration. He holds a BBA in Finance, Banking, and Management from Kampala University and is currently pursuing an MBA in Operations Management at the University of Nairobi. Ridhiwani has served in various roles within the County Government of Mombasa, showcasing his ability to administer departments, implement policies, manage finances, and ensure effective service delivery.</p>

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Name	Details of qualifications and experience
	<p>His experience also includes roles in revenue collection, operations, and administration for both public and private sector organizations. Ridhiwani possesses strong interpersonal and organizational skills, allowing him to adapt to changing priorities and work effectively with minimal supervision. His career objective is to continually utilize his talents and skills to enhance service standards and contribute to achieving organizational goals.</p>
 <p>JOHN MUSUVA</p>	<p style="text-align: center;">Ag. SCHEME ADMINISTRATOR</p> <p>Mr. John Musuva, our dynamic Scheme Administrator, brings a wealth of expertise to the table. With a prestigious Global MBA in Finance and Marketing from Eastern University in the vibrant city of Philadelphia, USA, and a solid foundation in Business Administration from Daystar University. His qualifications are nothing short of impressive.</p> <p>Drawing from over 28 years of invaluable experience spanning both Kenya and the USA, John is the driving force behind the Mombasa County Elimu Scheme. In his role as Scheme Administrator, he takes the helm in overseeing the daily operations; seamlessly coordinating activities; and skilfully managing all aspects of the scheme's administration. With his exceptional skill set, and extensive background, John Musuva is the embodiment of excellence in action, guiding the Mombasa County Elimu Scheme to new heights.</p>

**Mombasa County Elimu Scheme
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4 Management Team

Name	Details of qualifications and experience
 <p data-bbox="316 770 504 797">JOHN MUSUVA</p>	<p data-bbox="799 443 1177 470">Ag. SCHEME ADMINISTRATOR.</p> <p data-bbox="608 479 1369 719">Mr. John Musuva, our dynamic Scheme Administrator, brings a wealth of expertise to the table. With a prestigious Global MBA in Finance and Marketing from Eastern University in the vibrant city of Philadelphia, USA, and a solid foundation in Business Administration from Daystar University. His qualifications are nothing short of impressive.</p> <p data-bbox="608 728 1369 1066">Drawing from over 28 years of invaluable experience spanning both Kenya and the USA, John is the driving force behind the Mombasa County Elimu Scheme. In his role as Scheme Administrator, he takes the helm in overseeing the daily operations, seamlessly coordinating activities, and skilfully managing all aspects of the scheme's administration. With his exceptional skill set and extensive background, John Musuva is the embodiment of excellence in action, guiding Mombasa County Elimu Scheme to new heights.</p>
 <p data-bbox="309 1375 513 1402">RANDIEK ODIDA</p>	<p data-bbox="608 1084 938 1111">FINANCIAL AID MANAGER.</p> <p data-bbox="608 1120 1369 1494">Mr. Odida has been at the helm as the Bursary Manager since his distinguished appointment in February 2017. Armed with a prestigious Bachelor of Science degree in Business Statistics from the esteemed Makerere University, his expertise shines brightly. With a remarkable nine years of dedicated service in the field of Bursary Management, Mr. Odida has honed his skills and knowledge both in the corridors of the Department of Education in Mombasa County and during his tenure as a Bursary Manager at the illustrious Mombasa County Elimu Scheme.</p> <p data-bbox="608 1503 1369 1711">At the heart of his role, Mr. Odida bears the mantle of overseeing the day-to-day operations of a dynamic Bursary team comprised of eight exceptionally talented individuals. His unwavering commitment to the cause and wealth of experience makes him an invaluable asset to the organization.</p>
	<p data-bbox="703 1727 1273 1753">ASSISTANT FINANCIAL AID MANAGER.</p> <p data-bbox="608 1762 1369 1868">Mr. Athman assumed the role of Assistant Bursary Manager at Elimu Fund in February 2017, marking the beginning of his dedicated service in this capacity. His</p>

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ALHADIN ATHUMANI

educational background is grounded in a Diploma in Journalism and Mass Communication, a qualification he proudly earned from Mombasa Aviation Training College. Additionally, Mr. Athman is currently on an academic journey towards a degree in Accounting at the esteemed Mt Kenya University.

With an impressive track record, Mr. Athman boasts an extensive 9-year tenure in the realm of Bursary Management. This wealth of experience was cultivated during his tenure within the Department of Education in Mombasa County and subsequently, at Elimu Scheme. His role primarily centres on providing invaluable support to the Bursary Manager, contributing significantly to the effective management of the Elimu Scheme's operations.

Mombasa County Elimu Scheme Annual Report and Financial Statements for the year ended June 30, 2023

5 Board/Scheme Chairperson's Report.

I am honoured to present to you the Annual Report of Mombasa County Elimu Scheme for the financial year ended 30th June 2023. This year has been a remarkable journey for us, marked by significant achievements and renewed commitment to our mission of promoting education and empowering the youth in our County.

Board Inception and Vision

The year 2023 began with a remarkable milestone – The inception of the Mombasa County Elimu Scheme Board on 6th June 2023. With dedicated members and a shared vision for transforming the education sector in our County, we set out on a journey to make education accessible and beneficial for all. Our primary objective is to champion the cause of education, understanding its pivotal role in individual development and societal progress.

The Importance of Education

Education is the cornerstone of personal and societal development. It empowers individuals with knowledge; skills; and opportunities, enabling them to lead fulfilling lives and contribute to the progress of their communities. It serves as a catalyst for economic growth, social equity, and cultural enrichment.

The Elimu Scheme recognizes the pivotal role education plays in transforming lives and society at large. Our mission is to promote and facilitate access to quality education, ensuring that no one is left behind. Education is not just a right; it is a powerful tool for breaking the cycle of poverty, driving innovation, and fostering unity among diverse communities.

Key Achievements for the Year

Inception of Holiday Program to Mombasa County Students: One of our significant achievements this year was the introduction of a Holiday Program for students in Mombasa County. This program aims to bridge the learning gap during school breaks by providing educational resources; workshops; and mentorship opportunities. By investing in their intellectual growth during vacations, we hope to empower our youth with the tools they need to succeed.

Holiday Program Payments to Secondary Schools

No.	School	Amount
1	Makupa Boys Secondary	54,500.00
2	Moi Forces Girls Academy	68,250.00
3	Bomu Secondary	74,000.00
4	Serani Boys Secondary	81,000.00
5	Marimani Secondary	93,000.00
6	Sacred Heart Secondary	108,250.00
7	Tononoka Boys Secondary	123,000.00
8	Jomvu Girls Secondary	139,000.00

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9	Puma Secondary	148,000.00
10	Mwijabu Secondary	151,250.00
11	Mwakirunge Secondary	208,250.00
12	Kashani Secondary	209,500.00
13	Kongowea Secondary	213,000.00
14	Concordia Secondary	252,750.00
15	Mtopanga Secondary	268,750.00
	Total Amount	2,192,500.00

Bursary of Kshs. 64,845,000: This year, we provided bursaries amounting to Kshs. 64,845,000 to deserving students in our County. This financial support has eased the burden of educational expenses for numerous families and ensured that students can access quality education without financial constraints. We believe that every young mind deserves the chance to reach their full potential.

Bursary Allocation table Elimu Scheme FY22-23.

CATEGORY	No. OF BENEFICIARIES	AWARD AMOUNT	TOTAL AWARDED
BOARDING	3,334	10,000.00	33,340,000.00
DAY	6,301	5,000.00	31,505,000.00
TOTAL	9,635		64,845,000.00

Future Programs

As the newly constituted board, we are committed to taking bold steps to support the education sector in our County. Our vision for the upcoming year is to expand our reach and impact. Here are some of the key initiatives we plan to undertake that will further strengthen our commitment to the education sector in our County:

Governor's School Talent Support Program: We plan to launch the Governor's School Talent Support Program, aimed at identifying and nurturing the talents of our students. This program will provide resources and opportunities for students to excel in various fields, from arts and sports to science and innovation.

Scholarships: We will continue to expand our scholarship program to reach more students in need. Scholarships are a powerful tool for breaking down barriers to education, and we are committed to providing these opportunities to deserving individuals.

Resource Mobilization: To support our growing initiatives, we will actively engage in resource mobilization efforts. We will collaborate with local businesses, government agencies, and philanthropic organizations and other international partners to secure the necessary resources to drive our programs forward.

In closing, I want to express my gratitude to the County Government of Mombasa, our dedicated board members, partners, and stakeholders who have made these achievements possible. Your unwavering support and commitment to the cause of education inspire us to strive for even greater impact.

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The journey ahead may be challenging, but it is through our collective efforts that we can truly transform the education sector in Mombasa County. Education is the key to a brighter future, and together, we will unlock the doors of opportunity for our youth.

Thank you for your trust in Elimu Scheme. We look forward to another year of progress, growth, and positive impact.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dalton Mwaghogho', is written over a large, light blue oval scribble.

DALTON MWAGHOGHO
CHAIRPERSON
ELIMU SCHEME BOARD OF TRUSTEES

Mombasa County Elimu Scheme

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6 Report of the Ag. Scheme Administrator

During the year under review, bursaries were awarded to applicants in the following secondary school categories:

- a) Secondary school: The amount awarded were as follows:
 - a. Day school - Kshs. 5,000.
 - b. Boarding school - Kshs. 10,000.

Each beneficiary was handed their individual cheque, and this created a buzz in the community and a boost in confidence in the County's ability to assist needy students to continue with their education.

In 2021, Elimu Scheme was directed by the new draft regulations that are aimed at efficiently guiding the award process for both Bursaries and Scholarships and streamlining the legal processes as part of the many lessons that we have learnt from last year's audit. The Regulations are yet to be approved by the County Assembly.

Elimu Scheme is determined to source funds from both local and foreign donors and not just from the County Government. Inadequate financial resources have limited the fund's ability to award bursaries to all applicants. The table below shows the performance of Elimu Scheme on award of Bursaries for the financial year 2022/2023.

CATEGORY	No. OF BENEFICIARIES	AWARD AMOUNT	TOTAL AWARDED
BOARDING	3,334	10,000.00	33,340,000.00
DAY	6,301	5,000.00	31,505,000.00
TOTAL	9,635		64,845,000.00

The table below shows the performance of Mombasa County Elimu Scheme on award of Bursaries over- the last seven (7) financial years.

Financial Year	Secondary	College	Special Needs	University	City Polytechnic	Total
2015-2016	4,136	570	28	1,126	-	5,860
2016-2017	9,764	2,745	107	1,937	-	14,553
2017-2018	15,403	5,312	325	2,111	-	23,151
2018-2019	8,514	-	532	-	-	9,046
2019-2020	7,976	-	444	1,316	-	9,736
2020-2021	13,219	2,770	693	1,726	-	18,408
2022-2023	9,635	-	-	-	-	9,635
Grand Total	68,647	11,397	2,129	8,216	0	90,389
2015-2016	28,952,000	5,700,000	280,000	16,890,000	-	51,822,000
2016-2017	68,348,000	21,960,000	1,070,000	15,496,000	-	106,874,000

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Financial Year	Secondary	College	Special Needs	University	City Polytechnic	Total
2017-2018	107,821,000	45,152,000	3,250,000	18,999,000	-	175,222,000
2018-2019	87,600,000	-	5,320,000	-	-	92,920,000
2019-2020	72,325,000	-	4,440,000	13,160,000	-	89,925,000
2020-2021	104,226,000	27,350,100	6,930,000	15,529,000	-	154,035,100
2022-2023	64,845,000	-	-	-	-	64,845,000
Grand Total	534,117,000	100,162,100	21,290,000	80,074,000	-	735,643,100

Challenges and Key Board decisions in FY 2022/2023

- The County Bursary should be timed according to opening of Schools. This will result in the reduction of dropout rates and improve transition rates from one level of education to the next.
- The Bursary should be made available to all the Needy students of Mombasa County and not just the best performers. There should not be a grading criterion for the Bursaries; all Needy students should be given an equal opportunity.
- Engage and collect views from various key stakeholders across the County to help us improve our networks and process and service delivery.
- The Board approved the total budget of Kshs 211,890,000 for FY2022/2023 and sent it to the CEC for Education onward to the County Assembly for Approval.

Key Objectives of the Scheme in the coming Financial Year

- Carry out a holiday mentorship holiday program aiming at increasing student academic performance and mentoring students.
- Establishing a Governor's School Talent Support Program
- Consultancy for provision of resource mobilization services
- Run the Loans and Scholarship program effectively in addition to Bursaries.
- Develop a 5-year strategic plan.
- Recruit additional staff to run Elimu Scheme and achieve its mandate.
- Capacity Build the staff and Board to improve delivery of services to all stakeholders.
- Engage with local, national and international partners to fund various financial aid programs.
- Seek to digitize the application of Bursaries to improve service delivery and reduce costs.
- Develop an Elimu Scheme Interactive Website and have a vibrant and engaging social media presence.
- Carry out a youth program aimed at supporting skills at the grassroots level dubbed "Skills Mtaani"

We look forward to increasing opportunities to empower the youth and children of Mombasa to enhance their education, which will improve their future.

Signed:



John M. Musuva

Mombasa County Elimu Scheme

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7 Statement of Performance Against the County Scheme'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, shall include a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Scheme as per the strategic plan for 2019 - 2023 are:

- a) To improve the transition rates.
- b) To raise funds from donors.
- c) To develop human resource.

Progress on attainment of Strategic development objectives

Program	Objective	Outcome	Indicator	Performance
Human Resource Development	Capacity Build the staff and Board	Improved delivery of services to all stakeholders	Elimu Scheme Organogram	Selected Courses for Board Members and the Elimu Scheme Secretariat
Mombasa County Elimu Scheme Act 2023	Enable Effective running of Elimu Scheme Financial Aid	Adoption of the Mombasa County Elimu Scheme Act 2023	Gazettement of the Mombasa County Elimu Scheme Act 2023	Introduced Capitation Grants, Loans & Scholarships
Resource Mobilisation	To supplement the limited funds from County Treasury	Raise Funds from Donors	Tender Document and Advertisements for Provision for Consultancy Service on Resource Mobilisation for Elimu Scheme	Bidders for Provision for Consultancy Service on Resource Mobilization

8 Corporate Governance Statement

STATEMENT OF THE BOARD

The Mombasa County Elimu Scheme is constituted as per the Mombasa County Elimu Scheme Act 2023 and is administered by the Scheme Administrator, who is responsible for the day-to-day management of the scheme. It also has a Board of Trustees headed by the chairperson responsible for the general policy and strategic direction of the scheme.

The Scheme is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the Scheme is a formal governance structure with the Board of Trustees at its apex. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

THE BOARD OF TRUSTEES

The Board of Trustees shall be made up of seven trustees, who consist of a chairperson and six other members identified for appointment by the CEC in charge of Finance. The Board of Trustees is responsible for the long-term strategic direction of the Scheme and recruitment of the Scheme Administrator and senior management. The Board of Trustees exercises leadership, enterprise, integrity and judgment in directing the Scheme.

The trustees are provided with full, appropriate, and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the Scheme is delegated to the Scheme administrator but the Board of Trustees is responsible for establishing and maintaining the Scheme's system of internal controls for the realization of its mandate of providing financial aid to needy students in Mombasa County.

CONFLICT OF INTEREST

Members of the Board of Trustees or Companies in which they hold shares shall not be allowed to bid for the Scheme's contracts and any other activity of the Scheme that may raise conflict of interest within the Scheme.

BOARD MEETINGS

The Board of Trustees meets quarterly or as required to monitor the implementation of the Scheme's mandate. The Board of Trustees also approves all the bursary payments to beneficiaries.

Mombasa County Elimu Scheme

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The table below shows the remuneration to Board of Trustees of Mombasa County Elimu Scheme during the financial year ended 30 June 2023.

Member	Amount
Dalton Mwaghogho	15,000
Ms. Bennette Nzamba	10,000
Ms. Samira Abdallah	10,000
Mr. Abdul Kader Abdul Majid Bagha	10,000
Mr. Ridhiwani Ayub – Chief Officer Finance	4,000
John Musuva - Chief Officer Education	4,000
Total Amount	53,000

STATEMENT OF COMPLIANCE

The Board of Trustees confirms that the Scheme has throughout the FY 2022/2023, complied with all statutory and regulatory requirements in disbursement of bursaries and that the Scheme has been managed in accordance with the principles of good corporate governance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The trustees are responsible for reviewing the effectiveness of the Scheme's system of internal control, which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information. These controls are designed to manage rather than eliminate the risk of failure to achieve objectives.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained throughout its processes and performance. The Scheme has identified training needs and will initiate plans so that the staff will be trained, equipped and prepared so that they can implement the Scheme policies and functions.

Strategic Plan

The Scheme is working on its strategic plan, which will be for 5 years from 2023 to 2027. The strategic plan will set out the objectives of the Scheme, and the annual targets to be met to attain those objectives in the following years. The strategic plan will be evaluated quarterly to assess the achievement of those objectives. Progress against the plan will be monitored frequently.

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Management Team

The management team headed by the Scheme Administrator Mr John Musuva, implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor

The scheme is audited by the Auditor-General.

Mombasa County Elimu Scheme

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9 Management Discussion and Analysis

Elimu Scheme Key Projects

- Bursary assistance to Needy secondary school students in Mombasa County.
- Holiday Mentorship Program for Secondary schools aimed at increasing performance in schools and mentoring students to ensure they don't engage in unproductive activities during the school holiday.

Elimu Scheme aims at helping more needy students from Mombasa County and Kenya at large. To achieve this goal, Elimu Scheme plans to solicit funds from both local and foreign investors as well as lobbying for more allocation from the County Government of Mombasa.

Elimu Scheme aims at having the draft regulations enacted by the County Assembly and adapted which will enable running of the Loans and Scholarship program effectively in addition to Bursaries.

Elimu Scheme seeks to ensure development of human resource capacity through training its staff.

Risks Facing the Scheme

- Despite Government subsidizing secondary school tuition fees, this does not benefit all students. Many students join private secondary schools resulting to a higher demand for bursaries.
- Limited funds from the County Government to finance the high number of applicants.

Compliance with Statutory Requirement

Preparation and submission of the Scheme's Financial Statements for Audit purposes.

Material arrears in statutory and other financial obligations

There are no arrears.

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10 Environmental and Sustainability Reporting

The Elimu Scheme did not undertake any Environmental and Sustainability activities in the year ended June 30, 2023.

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Annual Report and Financial Statements for the year ended June 30, 2023

11 Report of The Trustees

The Trustees submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which shows the Scheme's Financial Position.

Principal activities

The Scheme's principal activity is to issue bursaries and loans to needy and bright students of Mombasa County and solicit for funds.

Results

The results of the Scheme for the year ended June 30, 2023, are set out in page 1.

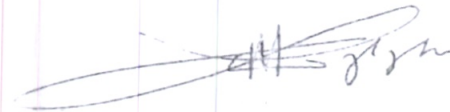
Trustees

The members of the Board of Trustee who served during the financial year ended 30 June 2023, are shown in page **Vi; Vii; and Viii** of the financial statements.

Auditors

The Auditor General is responsible for the statutory audit of the Scheme in accordance with Article 229 of the Constitution of Kenya, 2010 and the Public Audit Act, 2015.

By Order of the Board



Dalton Mwaghogho

Date:

Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023

12 Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund 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 Scheme is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended June 30, 2023. 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 Scheme; (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 Scheme; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Scheme accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Scheme is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended June 30, 2023, and of the Scheme's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator has assessed the Scheme'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 Scheme 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 Scheme's financial statements were approved by the Board on 28/7/2023
2023 and signed on its behalf by:



Administrator - Mombasa County Elimu Scheme

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 MOMBASA COUNTY ELIMU SCHEME FOR THE YEAR ENDED 30 JUNE, 2023

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 that the Government achieves value for money and that such Schemes are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion 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

Qualified Opinion

I have audited the accompanying financial statements of Mombasa County Elimu Scheme set out on pages 1 to 34, which comprise of the statement of financial position as at

Report of the Auditor-General on Mombasa County Elimu Scheme for the year ended 30 June, 2023

30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mombasa County Elimu Scheme as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Mombasa County Elimu Scheme Act, 2023 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Misstatement of Receivables from Non-exchange Transactions Balance

The statement of financial position and Note 12 to the financial statements reflects receivables from non-exchange transactions of Kshs.163,178,740. Included in the balance is an amount of Kshs.160,286,240 that relates to undisbursed receipts from the County Treasury which were due during the year ended 30 June, 2020. However, the balance is irrecoverable since the budget allocation for the undisbursed amount, during that year, lapsed on 30 June, 2020. Further, Section 136 (1) of the Public Finance Management Act, 2012 provides that “an appropriation that has not been spent at the end of the financial year for which it was appropriated lapses immediately at the end of that financial year”. Therefore, the balance of receivables from non-exchange transactions has been overstated by an amount of Kshs.160,286,240.

In the circumstances, the accuracy and completeness of the receivables from non-exchange transactions balance of Kshs.163,178,740 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management did not provide reasons for the delay in resolving the issues and for not disclosing the prior year audit findings in the financial statements as required by the recommended reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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

1. Scheme Administrator in Acting Capacity Beyond the Stipulated Period

The County Executive Committee Member-Finance appointed an acting Scheme Administrator on 19 June, 2017. After the enactment of the Mombasa County Elimu Scheme Act, 2023, the Scheme Administrator was re-designated and became the acting Scheme Administrator. The Administrator has therefore been in an acting position for more than six (6) years which exceeds the six (6) months provided for under Section C.14 (1) of Human Resource Policies and Procedures Manual for the Public Service, 2016. Further, the appointment in acting position was not supported with a draft indent for advertisement of the vacancy. This is contrary to Section C.14 (4) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires that all recommendations for acting appointments in Job Group 'Q' and above shall be accompanied by a draft indent for advertisement of the vacancy and shall be forwarded to the Public Service Commission.

In the circumstances, the regularity of the appointment could not be confirmed and Management was in breach of the regulations.

2. Lack of Regulations and Guidelines

Review of records revealed that Regulations in support of the Mombasa County Elimu Scheme Act, 2023 have not been developed and submitted to the County Assembly for approval. This is contrary to Section 116 (9) of the Public Finance Management Act, 2012

which requires that regulations may provide for the establishment, management, operation or winding-up of county public Schemes.

Further, guidelines on the establishment and operations of the Scheme have not been developed contrary to Regulation 198 of the Public Finance Management (County Governments) Regulations, 2015 which requires that the County Executive Committee member shall provide for the management, operation and winding up procedure in the guidelines for establishing each Scheme.

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

3. Inequity in Bursary Awards

Review of the bursary beneficiary schedule revealed that bursary payments to 4,990 students in 185 secondary schools totalling Kshs.2,775,000 were not equally awarded. The Board of trustees approved bursary award of Kshs.5,000 to beneficiaries in day secondary schools and Kshs.10,000 bursary award to beneficiaries in boarding secondary schools. However, 114 students in day secondary schools were awarded amounts of Kshs.10,000 instead of Kshs.5,000 while 261 students in boarding secondary schools were awarded Kshs.5,000 instead of Kshs.10,000. This was contrary to Article 201 (b) (iii) of the Constitution of Kenya, 2010 which requires that expenditure shall promote the equitable development of the country, including by making special provision for marginalized groups and areas.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Operational Manuals

The Scheme does not have an Information Technology (IT) Policy, an employee's Code of Conduct, an approved Organizational Structure, a Disaster Recovery Plan, and a Risk Management Policy.

In the circumstances, the effectiveness of risk management and governance of the scheme could not be confirmed.

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

Responsibilities of Management and the Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Scheme'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 Management is aware of the intention to terminate the Scheme 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 Scheme'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 controls 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 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 Scheme'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 Scheme 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 Scheme 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.


FCPA Nancy Gathungu CBS
AUDITOR-GENERAL

Nairobi

14 February, 2024

**Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023**

14 Statement of Financial Performance for the Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	76,525,000	0
Fines, Penalties and Other Levies	3	0	0
Revenue From Exchange Transactions			
Interest Income	4	0	0
Other Income	5	0	0
Total Revenue		76,525,000	0
Expenses			
Bursaries	6	(64,845,000)	0
Scheme Administration Expenses	7	(10,149,536)	(160,720)
General Expenses	8	(165,720)	(400,000)
Total Expenses		(75,160,256)	(560,720)
Other Gains/Losses			
Gain/Loss on Disposal of Assets	9	0	0
Gain /Loss on fair value of investments	10	0	0
Surplus/(Deficit) for the Period		1,364,744	-530,720

(The notes set out on pages 6 to 36 form an integral part of these Financial Statements)



Name: JOHN MUSUVA
Administrator of the Scheme



Name: MANASE LODUNG'U
Scheme Accountant
ICPAK Member Number: 29679

Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023

15 Statement of Financial Position as at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	832,419	167,675
Receivables from Non-Exchange Transactions	12	163,178,740	160,286,240
Prepayments	13	0	0
Inventories	14	0	0
Investments in financial assets	15	0	0
Total current assets		164,011,159	160,453,915
Non-Current Assets			
Property, Plant and Equipment	16	0	0
Intangible Assets	17	0	0
Investment Property	18	0	0
Total non-current assets		0	0
Total Assets		164,011,159	160,453,915
Liabilities			
Current Liabilities			
Trade and Other Payables	19	2,192,500	0
Provisions	20	0	0
Total current liabilities		2,192,500	0
Non-Current Liabilities			
Borrowings	21	0	0
Employee Benefit Obligation	22	0	0
Social benefit liabilities	23	0	0
Total Liabilities		2,192,500	0
Net Assets		161,818,659	160,453,915
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus/(Deficit)		161,818,659	160,453,915
Total Net Assets and Liabilities		161,818,659	160,453,915

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 28/7/2023 and signed by:



Name: JOHN MUSUVA

Administrator of the Scheme



Name: MANASE LODUNG'U

Scheme Accountant
ICPAK Member Number: 29679

Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023

16 Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at 1 July 2021			160,343,559	160,343,559
Prior Year Adjustment			671,076	671,076
Surplus/(Deficit) For the Period			(560,720)	(560,720)
Funds Received During the Year			0	0
Transfers			0	0
Balance as at 30 June 2022			160,453,915	160,453,915
Balance as at 1 July 2022			160,453,915	160,453,915
Surplus/(Deficit) For the Period			1,364,744	1,364,744
Transfers			0	0
Balance as at 30 June 2023			161,818,659	160,453,915

Mombasa County Elimu Scheme

Annual Report and Financial Statements for the year ended June 30, 2023

17 Statement of Cash Flows for The Year Ended 30 June 2023

Direct Method

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	0	0
Transfers from the county government	2	73,632,500	0
Interest received	4	0	0
Receipts from other operating activities	5	0	0
Total receipts			
Expenses			
Bursaries	6	(64,845,000)	0
Scheme administration expenses	7	(7,957,036)	(160,720)
General expenses	8	(165,720)	400,000
Total Expenses		(72,967,756)	(560,720)
Cash Surplus before changes in working capital		664,744	(560,720)
Prior Year Adjustment		0	677,077
Net cash flows from operating activities	24	664,744	116,357
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash Equivalents		664,744	116,357
Cash and cash equivalents at 1 July 2022		167,675	51,318
Cash and cash equivalents at 30 June		832,419	167,675

Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023

18 Statement of Comparison of Budget Vs Actual Amounts for the Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations						
Transfers From County Govt.	211,890,000	(135,195,625)	76,694,375	76,525,000	169,375	100%
Interest Income						
Other Income						
Total Income	211,890,000	(135,195,625)	76,694,375	76,525,000	169,375	100%
Expenses						
Bursaries	205,540,000	(133,347,500)	72,192,500	64,845,000	7,347,500	90%
Scheme Administration Expenses	6,350,000	(1,848,125)	4,501,875	10,315,256	-5,813,381	229%
Finance Cost	0	0	0	0	0	0%
Total Expenditure	211,890,000	(135,195,625)	76,694,375	75,160,256	1,534,119	98%
Surplus For the Period				1,364,744		
Capital expenditure	0	0	0	0	0	0

**Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023**

19 Notes to the Financial Statements

1. General Information

The Elimu Scheme is established by and derives its authority and accountability from Mombasa County Elimu Scheme Act, 2023. The Scheme is wholly owned by the County Government of Mombasa and is domiciled in Kenya.

The Scheme's objective is to administer the disbursement of loans and bursaries.

2. Statement of compliance and basis of preparation

The Scheme'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 Scheme. 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 cash basis.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</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"> • 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;

Mombasa County Elimu Scheme

Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</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"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

**Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of cash basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

**Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st 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>

(iii) Early adoption of standards

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

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.

Dividends

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

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Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on June 2022. 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.

Summary of Significant Accounting Policies (Continued)

The Scheme budget is prepared on cash basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on cash 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 cash basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 7 of these financial statements.

c) Property, plant and equipment

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

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

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of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

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Summary of Significant Accounting Policies (Continued)

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 7*

Financial liabilities
Classification

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

g) Inventories

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

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

- 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.

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Significant Accounting Policies (Continued)

h) 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.

i) Social Benefits

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

j) 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.

k) 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.

l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements *Entity to state the reserves maintained and appropriate policies adopted.*

m) 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.

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Summary of Significant Accounting Policies (Continued)

n) 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 scheme) and will have no legal or constructive obligation to pay further contributions if the scheme 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.

o) 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.

p) 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.

q) 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, the CEO and senior managers.

r) 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.

Summary of Significant Accounting Policies (Continued)

s) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

The estimates and assumptions made are as follows:

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 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.

Mombasa County Elimu Scheme
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6. Notes to the Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From the Public	0	0
Total	0	0

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	76,525,000	0
Payments By County on Behalf of The Entity	0	0
Total	76,525,000	0

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties		
Fines		
Total		

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income from Car Loans	0	0
Interest Income from Investments in financial assets	0	0
Interest Income on Bank Deposits	0	0

**Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023**

Total Interest Income	0	0
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Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

6. Bursaries.

Description	2022-2023	2021-2022
	Kshs	Kshs
Bursaries- Secondary Schools (Note 6A)	64,845,000	0
Bursaries- Colleges	0	0
Driving Schools	0	0
Bursaries- Universities	0	0
City Polytechnics	0	0
Total	64,845,000	0

6A. Bursary Breakdown.

CATEGORY	No. OF BENEFICIARIES	AWARD AMOUNT	TOTAL AWARDED
BOARDING	3,334	10,000.00	33,340,000.00
DAY	6,301	5,000.00	31,505,000.00
TOTAL	9,635		64,845,000.00

7. Scheme Administration Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Allowances	66,060	148,100
Holiday Program Students Allowances	3,508,000	0
Holiday Program Teachers, Principal, Facilitators & ICT Personnel Allowances	1,120,500	0
Holiday Program Supervisors Allowances	464,500	0

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Description	2022-2023	2021-2022
Lunch & Transport Allowances (Students)	2,588,500	0
Staff Costs (Note 7A)	2,329,000	0
Bank Charges	72,976	12,620
Total	10,149,536	160,720

Notes to the Financial Statements Continued

7A. Staff Costs.

Description	2022-2023	2021-2022
	Kshs	Kshs
Casuals Allowances	2,124,000	0
Staff Allowances	205,000	0
Total	2,329,000	0

8. General Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Consumables		
Hospitality	75,000	140,000
Electricity And Water Expenses		
Fuel And Oil Costs		
Transport		51,750
Postage And Courier		
Printing And Stationery	50,720	77,723
Telephone And Communication Expenses	40,000	117,334
Depreciation and Amortization Costs		
Other expenses		13,193
Total	165,720	400,000

9. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

**Mombasa County Elimu Scheme
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Notes to the Financial Statements Continued

10. Gain/ (loss) on Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

11. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Car Loan Account	0	0
County Mortgage Account	0	0
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	832,419	167,675
Total Cash and Cash Equivalents	832,419	167,675

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank			
Equity Bank, Etc.			
Sub- Total			
b) On - Call Deposits			
Kenya Commercial Bank			
Equity Bank - Etc.			
Sub- Total			
c) Current Account			
Kenya Commercial Bank	<u>1168118506</u>	832,419	167,675
Sub- Total			
d) Others(Specify)			

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Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total		832,419	167,675

12. Receivables from non-exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Long outstanding receivables	160,286,240	160,286,240
Current Year Receivables	2,892,500	0
Total Receivables from Exchange Transactions	163,178,740	160,286,240

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

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Notes to the Financial Statements Continued

13. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (<i>Specify</i>)	0	0
Total	0	0

Notes to the Financial Statements Continued

14. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (<i>Specify</i>)	0	0
Total Inventories at The Lower of Cost and Net Realizable Value	0	0

15. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Bank x		
Bank y		
Sub- total		
c. Equity investments (specify)		
Equity/ shares in Entity		
Sub- total		
Grand total		

Notes to the Financial Statements Continued

Mombasa County Elimu Scheme
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Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year	()	()
Gain/(loss) in fair value of investments through surplus or deficit		
At the end of the year		

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year Kshs	Prior year Kshs
Entity A						
Entity B						
Entity C						

16. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021					
Additions					
Disposals					
Transfers/Adjustments					
At 30th June 2022					
At 1st July 2022					
Additions					
Disposals					
Transfer/Adjustments					

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost					
At 30th June 2023					
Depreciation And Impairment					
At 1st July 2021					
Depreciation					
Impairment					
At 30th June 2022					
At 1st July 2022					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June 2023					
Net Book Values					
At 30th June 2022					
At 30th June 2023					

17. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year		
Additions		
At End of The Year		
Amortization And Impairment		
At Beginning of The Year		
Amortization		
At End of The Year		
Impairment Loss		
At End of The Year		
NBV		

18. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year		

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Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

19. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	2,192,500		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Total Trade and Other Payables	2,192,500		0	
Ageing analysis (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	2,192,500	100%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	2,192,500		0	

20. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End of The Year	0	0	0	0

Mombasa County Elimu Scheme
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Notes to the Financial Statements (Continued)

21. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	0	0
Repayments Of Domestic Borrowings During the Period	0	0
Balance At End of The Period	0	0

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

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End of The Year	0	0

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

Mombasa County Elimu Scheme
Annual Report and Financial Statements for the year ended June 30, 2023
Notes to the Financial Statements (Continued)

22. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

23. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non-current social benefits	0	0
Total (tie to totals above)	0	0

24. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	1,364,744	(560,720)
Adjusted For:		
Prior Year Adjustment	0	677,077
Depreciation		
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables	(2,892,500)	0
Increase In Payables	2,192,500	0
Net Cash Flow from Operating Activities	664,744	116,357

**Mombasa County Elimu Scheme
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25. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Scheme 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

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Executive of Mombasa	76,545,000	0
Total	76,545,000	0

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	66,060	148,100
Key Management Compensation		
Total	66,060	148,100

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government		
Total		

Other Disclosures Continued

e) Due to related parties

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Description	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry		
Due To County Government		
Due To Key Management Personnel		
Total		

26. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Scheme		
Bank Guarantees		
Total		

27. Financial risk management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Scheme'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 Scheme does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

The Scheme 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:

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2023				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	0	0	0	0

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Current Portion of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade Payables	0	0	0	0
Current Portion of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

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 Scheme'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.

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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:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables	0	0	0
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Scheme'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.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2023			
Euro	10%	0	0
USD	10%	0	0
2022			
Euro	10%	0	0
USD	10%	0	0

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 Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Scheme's deposits.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	161,818,659	160,453,915
Total funds	161,818,659	160,453,915
Total borrowings	0	0
Less: Cash and bank balances	832,419	167,675
Net debt/(excess cash and cash equivalents)	0	0
Gearing		

28. Events after the reporting period

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

29. Ultimate and Holding Entity

The Elimu Scheme is a County Public Scheme established by the Mombasa County Elimu Scheme Act 2023 under the Department of Education and Digital Transformation. Its ultimate parent is the County Government of Mombasa.

30. Currency

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

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20 Annexes

Annex I: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

We have not received the FY 2021-2022 Audit Report.

JOHN MUSUVA

Ag. SCHEME ADMINISTRATOR.

ELIMU SCHEME

Date 28/7/2023

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Annex II: Inter Entity Transfer

ENTITY NAME:		ELIMU FUND		
Break down of Transfers from the County Executive of Mombasa County Government				
FY 2022-2023				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amount relates
	Holiday Program	26-Apr-23	3,632,500.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Bursary	20-Jun-23	10,000,000.00	FY22-23
	Holiday Program	5 July 2023	2,192,000.00	FY22-23
	Fund Admin Expenses	13 July 2023	700,000.00	FY22-23
	Total Amount		76,524,500.00	
b.	Development Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amount relates
			00	
		Total	00	
c.	Direct Payments	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amount relates
			00	
		Total	00	

The above amounts have been communicated to and reconciled with the County Treasury

JOHN MUSUVA.
SCHEME ADMINISTRATOR
ELIMU SCHEME.

GLORIA MWASI
CCO FINANCE & ECONOMIC PLANNING
MOMBASA COUNTY

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

ELIMU SCHEME DID NOT INCUR ANY EXPENDITURE OF THAT NATURE.

Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments

ELIMU SCHEME DID NOT INCUR ANY EXPENDITURE OF THAT NATURE.