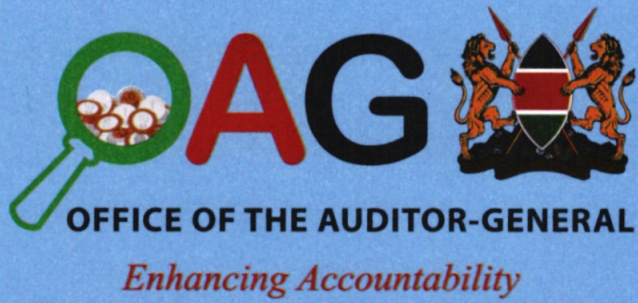


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

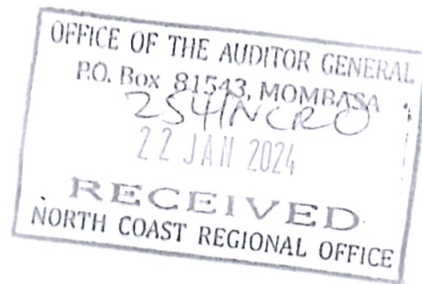
ON

**KILIFI COUNTY CAR LOAN AND
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**

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COUNTY GOVERNMENT OF KILIFI

KILIFI COUNTY CAR LOAN AND MORTGAGE SCHEME

FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2020

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

Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020

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**Kilifi County Car Loan and Mortgage Scheme Fund
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**The Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Kilifi County Car loan and Mortgage Scheme Fund was established and derives its authority and accountability from the provisions under Section 116 of the PFM Act, 2012 and Section 167 of the PFM Act, 2012 and Salaries and Remuneration Commission (SRC) Circular SRC/CGOVT/3/61 dated 30th September, 2014.

In the fiscal year 2015-2016, the Kilifi County Car and Mortgage Scheme Fund was established as a dynamic revolving fund in accordance with the Salaries and Remuneration Commission (SRC) Circular ref No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December, 2014. This directive outlined the Mortgage and Car Loan Schemes for State Officers and other Public Officers within the Government of Kenya.

The Fund received a budgetary allocation of Kshs 39,000,000 in the fiscal year 2019/2020 but is yet to commence its operations once requisite approvals have been given by the Office of the Controller of Budget.

The fund is designed to offer financing solutions for the acquisition of motor vehicles for personal use and property, as well as support for property development and residential property renovation.

The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya.

b) Principal Activities

The principal activity is to provide loans to staff employed in the Executive Arm of the County Government of Kilifi for;

- i) The acquisition of motor car for their personal use.
- ii) Mortgage loans to members for the purpose of:
 - a. Purchasing an existing residential property;
 - b. Development of residential property on existing land;
 - c. Purchase of land and construction of residential property;
 - d. Construction, renovation and /or improvement of existing residential property;

Kilifi County Car Loan and Mortgage Scheme Fund
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e) Fund Board

Ref	Name	Position
1	Benjamin Kai Chilumo	Chief Officer Finance/ Chairperson Fund Management Committee
2	James Kapanya Nguzo	Chief Officer- Lands, Energy & Physical Planning/ Member
3	Judith Ngani Tsuma	Director of Human Resources / Member
4	Michelle Bibi Fondo	County Attorney / Member
5	David Ngombo	Assistant Director of Housing / Member
6	Kimanthi Moki	Director of Transport / Member
7	John Randu	CEO Secretary County Public Service Board / Member
8	Grace Mulaa Dzombo	Fund Administrator / Secretary

d) Key Management

Ref	Name	Position
1	Grace Mulaa	Fund Administrator

e) Registered Offices

P.O. Box 519 -80108
Kilifi County Treasury Building
Bofa Road, Kilifi
Kilifi, KENYA

f) Fund Contacts

P.O Box 519 – 80108, Kilifi
E-mail: cgkmortgage@kilifi.go.ke
Website: www.kilifi.go.ke

**Kilifi County Car Loan and Mortgage Scheme Fund
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g) Fund Bankers


1. Kenya Commercial Bank
Kilifi Branch
P.O BOX 528 – 80108
Kilifi, Kenya

h) Independent Auditors




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

**Kilifi County Car Loan and Mortgage Scheme Fund
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For the year ended June 30, 2020**




2. THE BOARD MEMBERS

Ref	Name	Details of qualifications and experience
1.	 <p>Benjamin Kai Chilumo Chief Officer Finance/ Chairperson; Fund Management Committee</p>	<p>Born in 1973. Benjamin Kai Chilumo is a seasoned accountant with experience in both private and public sector. He is the Chairperson of the Fund Management Committee. In addition to his role as Chairperson, Benjamin currently serves as the Chief Officer Finance and Economic Planning.</p>
2.	 <p>James Kapanya Nguzo Chief Officer- Lands, Energy & Physical Planning/ Member</p>	<p>Born in 1976. James Nguzo was appointed as a member of the Fund Management Committee. He is currently serving as the County Chief Officer in charge of Lands, Energy and Physical Planning under the County Government of Kilifi.</p>

**Kilifi County Car Loan and Mortgage Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2020**

<p>3.</p>	 <p>Michelle Bibi Fondo County Attorney / Member</p>	<p>Born in 1983 Michelle Bibi Fondo was appointed as a member of the Fund Management Committee. She brings on board a wealth of knowledge on legal procedures. She is currently serving as the County Attorney under the County Government of Kilifi.</p>
<p>4.</p>	 <p>Judith Tsuma Ngani Director Human Resource Management/ Member</p>	<p>Born in 1986. Judith Ngani is a seasoned Human Resource professional. She was appointed as a member of the Fund Management Committee. She currently serves as the Human Resource Director under the County Government of Kilifi.</p>
<p>5.</p>	 <p>Kimathi Moki Kiema Director Transport / Member</p>	<p>Moki was born in 1964. He was appointed as a member of the Fund Management Committee. Moki is an accomplished professional with a distinguished career in mechanical engineering and transportation management. He brings his wealth of experience, technical prowess, and dedication to the committee's mission. He currently holds the position of Director of Transport under the County Government of Kilifi.</p>

**Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

<p>6.</p>	 <p>David Ngombo Assistant Director Housing/ Member</p>	<p>Born in 1985. David Ngombo is an accomplished professional in the field of housing and estate management. With a strong background in civil and construction engineering. He is currently serving as the Assistant Director of Housing and Estate Management with the County Government of Kilifi.</p>
<p>7.</p>	 <p>John Randu CEO County Public Service Board / Member</p>	<p>Born in 1976. Johnson was appointed as a Member of the Fund Management Committee. He is currently serving as the Secretary of the Kilifi County Public Service Board.</p>
<p>8.</p>	 <p>CPA Grace Mula Dzombo Fund administrator</p>	<p>Born in 1988. CPA Grace M. Dzombo was appointed as the Fund Administrator. Grace brings a wealth of experience as a dedicated Accountant within the Finance Department of the County Government of Kilifi.</p>

**Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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

Introduction

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

The key strategic objectives for the Fund are

- a.) To attract and retain productive and motivated human resources and improve staff living standards for smooth service delivery
- b.) Ensure that the Fund has relevant policies and activities in place to support the achievement and uptake of the facilities.


Progress on attainment of Strategic development objectives.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied	% of staff taking Mortgage facilities	During the FY 2019/2020 no staff were facilitated with loans as the Fund had not commenced operations

**Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p>CPA Grace Mula Dzombo Fund administrator</p>	<p>Born in 1988. CPA Grace M. Dzombo was appointed as the Fund Administrator. Grace brings a wealth of experience as a dedicated Accountant within the Finance Department of the County Government of Kilifi.</p>

**Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

5. BOARD CHAIRPERSON'S REPORT

It is my pleasure to present, on behalf of the board of Members of the Kilifi County Car Loan and Mortgage Scheme Fund financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the fund over the past year.

Sustainability.

The County Government of Kilifi has supported this initiative through funding, totaling Kshs 39,000,000 as of the reporting date. We are witnessing a growing interest among our staff in the car loan and mortgage options, and the Scheme remains committed to educating its members while continually reviewing the processes in place to ensure optimal utilization of this facility.

The Fund and its stakeholders are increasingly emphasizing the importance of ensuring sustainability, not only for its investments but also for its resource mobilization and financing capabilities with the goal of securing the Fund's continued operation as a going sustainable entity.

Board and Management Changes

The governance and management of the Scheme strictly adhere to the regulations outlined in the Kilifi Car Loan and Mortgage Scheme Fund Regulations of 2016, as well as the guidelines provided by the Salaries and Remuneration Commission.

In the year under review, no changes occurred in key management positions.

Review of performance

Income

The Fund is yet to commence operations hence no income has been received

Expenditures

The Fund is yet to acquire the necessary approvals from the Office of the Controller of Budget hence no expenditure has been incurred.

Future outlook

The outlook of the Fund for 2020/2021 looks brighter. The fund hopes to provide its staff with affordable car loan and mortgage facilities. The Fund's focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and

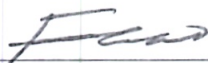
**Kilifi County Car Loan and Mortgage Scheme Fund
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For the year ended June 30, 2020**

effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and fellow board members for their continued support as we commence operations.

I look forward to your continued support in the future.

Signed:  _____

Bonaventure Mwakio

For - Chairperson, Fund Management Committee.

**Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

6. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Kilifi County Car Loan and Mortgage Scheme Fund financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the fund for its first-time financial year 2019/2020.

The fund was established in 2016, however, it has not commenced its operations of loan disbursements.

Financial Performance

a) Revenue

In the year ended 30, June 2020 the Fund reported nil revenue as it had not commenced its operations and no Funds were disbursed to staff in form of car or mortgage loans.

b) Conclusion

FY 2019/2020 was a good year in general. Good progress was made in ensuring the necessary internal structures have been put in place and the momentum has been created to enable the Fund commence its mandated responsibilities. We have identified gaps and areas to improve on in the subsequent years.

Signed: *Grace Mulaa*

**CPA Grace Mulaa
Fund Administrator**

7. CORPORATE GOVERNANCE STATEMENT

THE BOARD

The Kilifi County Car Loan and Mortgage Scheme Fund was established in 2016 by County Government of Kilifi.

Its mandate is to provide car and mortgage loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the Fund management committee at its apex

THE BOARD MEMBERS

Section 6 & 10 of the Kilifi County Car Loan and Mortgage Scheme Fund Regulations, 2016 provides for appointment of the Fund Management Committee and administrator of the fund. The committee shall be made up of six members including the Chairperson and a Secretary identified for appointment through the CECM Finance. The Fund management committee is responsible for the long-term strategic direction of the fund. It exercises leadership, enterprise, integrity and judgement in directing the Fund.

The committee 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 fund is delegated to the fund administrator but the Fund management committee is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate.

All members of the Fund management committee have been taken through a comprehensive induction programme, and are adequately trained on their roles as members. The members are professional, committed and guided by the core values of the Fund in execution of their duties.

Kilifi County Car Loan and Mortgage Scheme Fund
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BOARD MEETINGS

The board members meet monthly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets in the performance contract. The board members also play an oversight role over all other financial and operational issues. No meetings were held in the year under review.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The board members are responsible for reviewing the effectiveness of the fund'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 used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities.

Internal Control Framework

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis.

Management Team

The management team headed by the Fund Administrator implements the board decisions 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 fund is audited by the Auditor-General.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The fund is in its inception stages with potential to grow over the years. The management and board are putting measures in place to safeguard funds against risks.

The management has ensured that the fund complies with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

Revenue

The fund did not earn any revenues amounting from the County government. The board and management of the fund are looking to its funding from the County Government while also engaging other development partners to ensure its sustainability and success.

Conclusion

We appreciate the unrelenting support from the board members, management, staff, the County Government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2020/2021.

**Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

9. REPORT OF THE BOARD CHAIRMAN

The Board submit their report together with the financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

Principal activities

The Fund's principal activities involve providing loans to staff employed in the Executive Arm of the County Government of Kilifi for;

- i. The acquisition of motor car for their personal use.
- ii. Mortgage loans to members for the sole purpose of;
 - a. Purchasing an existing residential property;
 - b. Development of residential property on existing land;
 - c. Purchase of land and construction of residential property;
 - d. Construction, renovation and /or improvement of existing residential property

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 1 to 5

Fund Board

The members of the Board of Fund who served during the year are shown on page 5 to 8 there were no changes in the Board during the FY 2019/2020.

Auditors

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

By Order of the Board

Signed: *Faso*

Date: 18/07/2020

Bonaventure Mwakio: For - Board Chairman

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Fund Administrator of Kilifi County Car loan and mortgage Scheme 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 Kilifi County Car Loan and Mortgage Scheme Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the

**Kilifi County Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2020**

Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 18/09 2020 and signed on its behalf by:



**CPA Grace Mulaa
Fund Administrator**

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 KILIFI COUNTY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Kilifi County Car Loan and Mortgage Scheme Fund set out on pages 20 to 44, which comprise of the statement of financial position as at 30 June, 2020, 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, the financial statements present fairly, in all material respects, the financial position of Kilifi County Car Loan and Mortgage Scheme Fund and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.39,000,000. Similarly, the statement reflects

Report of the Auditor-General on Kilifi County Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2020

Kshs.Nil actual expenditure during the year under review. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is however not modified in respect of the above matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Late Submission of Financial Statements for the Fund

The Kilifi County Car Loan and Mortgage Scheme Fund was initiated in 2016. The initial budgetary allocation of Kshs.39,000,000 was paid into the Fund on 18 July, 2019. Management asserted that the Fund incurred no expenditure for lack of requisite approvals by the Controller of Budget and that Kilifi County Executive recognized the bank balance of the scheme bank account in its audited financial statements for the year under review.

However, Management submitted the financial statements for audit on 22 January, 2024 contrary to Regulation 10(1) (c) (d) and e) of the Public Finance Management (Kilifi County Car and Mortgage Scheme Fund) Regulations, 2020 which provides that the County Executive Committee Member for Finance and Economic Planning shall designate an officer to be the Fund Administrator, who shall cause to be kept books of accounts and other books and records in relation to the Fund and all loans financed from the Fund, prepare, sign and submit to the Auditor General in respect of each financial year and within three (3) months after the end thereof to the County Treasury, a financial statement of accounts relating to the Fund, prepared and signed by him or her specifying the income of the fund and showing the expenditure incurred from the Fund, and such details as the County may from time to time direct in accordance with the Public Finance Management Act and furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Fund Management Committee

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain the 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 Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 Kilifi County Car Loan and Mortgage Scheme Fund policies and procedures may deteriorate.


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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 February, 2024

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12. FINANCIAL STATEMENTS

**12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2020**

	Note	FY2019/2020 Kshs	FY2018/2019 Kshs
Revenue from non-exchange transactions			
Interest Income on Staff Car and Mortgage Loans	1	-	-
Other Incomes	2	-	-
Total revenue			-
Expenses			
Fund Administration Expenses	3	-	-
Total expenses		-	-
Gain/Loss on disposal of assets		-	-
Surplus/(deficit) for the year		-	-

The notes set out on pages 1 to 5 form an integral part of these Financial Statements

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12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020 KShs	2018/2019 KShs
Assets			
Cash and cash equivalents	4	39,000,000	-
Current portion of receivables	5	-	-
Non-Current Assets			
Long term receivables from exchange transactions - Loan to staff	6	-	-
Total assets		39,000,000	-
Current Liabilities			
Trade and Other payables exchange transactions		-	-
Total Net Assets		39,000,000	-
Net assets			
Car Loan and Mortgage Fund		39,000,000	-
Accumulated surplus/ (deficit)		-	-
Total net assets and liabilities		39,000,000	-

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 _____ 2020 and signed by:



Administrator of the Fund

Name: Grace Mulaa

ICPAK Member Number:26813



Fund Accountant

Name: Biasha Amur

ICPAK Member Number:18669

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**12.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE
2020**

	Car Loan & Mortgage Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2019		-	-
Funds Received During the Year	39,000,000	-	39,000,000
Surplus/(deficit) for the period	-	-	-
Balance as at 30 June 2020	39,000,000	-	39,000,000
Balance as at 1 July 2020	39,000,000	-	39,000,000
Funds Received During the Year	-	-	-
Surplus/(deficit) for the period	-	-	-
Balance as at 30 June 2020	39,000,000	-	39,000,000

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12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	2019/2020	2018/2019
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Interest income on Staff Car and Mortgage Loans	-	-
Other Income	-	-
Total Receipts	-	-
Payments		
Fund Administration Expenses	-	-
Total Payments	-	-
Net cash flows from operating activities	-	-
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	-	-
Proceeds from sale of property, plant and equipment	-	-
Proceeds from loan principal repayments	-	-
Loan disbursements paid out	-	-
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	-	-
Proceeds from revolving fund receipts	39,000,000	-
Net cash flows used in financing activities	39,000,000	-
Net increase/(decrease) in cash and cash equivalents	39,000,000	-
Cash and cash equivalents at 1 July 2020	-	-
Cash and Cash equivalents at 30 June 2020	39,000,000	-

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

12.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from County Govt.	39,000,000	-	39,000,000	39,000,000	-	100%
Interest income	-	-	-	-	-	0%
Revoted funds-		-	-	-	-	100%
Budgeted Revenue	39,000,000	-	39,000,000	39,000,000	-	100%
Expenses						
Fund Administration Expenses	-	-	-	-	-	0%
Loans to Staff	-	-	-	-	-	0%
Budgeted Expenditure	-	-	-	-	-	0%

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12.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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

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Standard	Effective date and impact:
	<p>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; • 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 2022</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> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</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. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.

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Standard	Effective date and impact:
	<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budget information

In the financial year ended 30th June 2020 the Kilifi County Health Services Improvement Fund had an approved budget of Kshs.132, 000,000.

5. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

8. 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

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➤ **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. 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.

12. 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.

13. 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 Fund Administrator.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. Being its first year of operation, the fund does not have comparative figures for the previous financial year

16. Events after the reporting period

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

17. Ultimate and Holding Entity

The entity is a Kilifi County Health Services Improvement Fund established by section 167 Act of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the County Government of Kilifi.

18. Currency

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

19. 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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, there were no assumptions or estimates on the preparation of the financial statements this financial year ended 30th June 2020.

20. Financial risk management

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

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

a) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				

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Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2018				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

b) Market risk

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Capital risk management

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

	2019/2020	2018/2019
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	39,000,000	-
Accumulated surplus	-	-
Total funds	39,000,000	-
Total borrowings	-	-
Less: cash and bank balances	39,000,000	-
Net debt/ (excess cash and cash equivalents)	39,000,000	-
Gearing		-

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12.7 NOTES TO THE FINANCIAL STATEMENTS

1. Interest Income

Description	2019/2020	2018/2019
	KShs	KShs
Interest Income from Mortgage Loans/Car Loans	-	-
Total	-	-

2. Other Income

Description	2019/2020	2018/2019
	KShs	KShs
Fees and other charges - Insurance and Legal	-	-
Total	-	-

3. Fund Administration Expenses

Description	2019/2020	2018/2019
	KShs	KShs
Domestic travel and subsistence	-	-
Hospitality supplies and services	-	-
Committee Allowances	-	-
Administration Fees	-	-
insurance	-	-
Bank Charges	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Current account	39,000,000	-
Total cash and cash equivalents	39,000,000	-

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

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
Current account			
Kenya Commercial bank			
CGK-Car Loan & Mortgage Scheme	125066056 4	39,000,000	-
Grand total		39,000,000	-

5. Current Portion of Receivables

Description	2019/2020	2018/2019
	KShs	KShs
Non-Current Receivables		
Interest Receivable	-	-
Total cash and cash equivalents	-	-

6. Long-term Receivables from exchange transactions – Loans to Staff

	KShs	KShs
Non-Current receivables		
Long-term Loan Repayments Due	-	-
Total non-current receivables	-	-
Total non-current receivables		
Total Receivables from Exchange Transactions	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	-	-
Total trade and other payables	-	-

8. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

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

9. Related party balances

a) Nature of related party relationships

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

b) Related party transactions

a) Related party transactions	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	39,000,000	-
Transfers to related parties	-	-

b) Key management remuneration	2019/2020	2018/2019
	KShs	KShs
Fund Committee Allowances	-	-
	-	-
Total	-	-

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1. 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)

Fund Administrator

CPA Grace Mulaa

Kilifi Car Loan and Mortgage Scheme Fund

Sign *Grace Mulaa*

Head of County Treasury

CPA Bonaventure F. M. Mwakio

County Government of Kilifi

Sign *Bonaventure F. M. Mwakio*