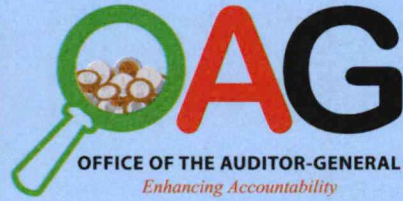


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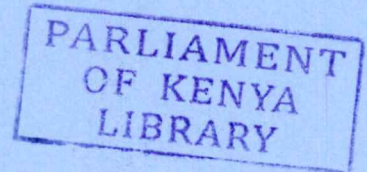
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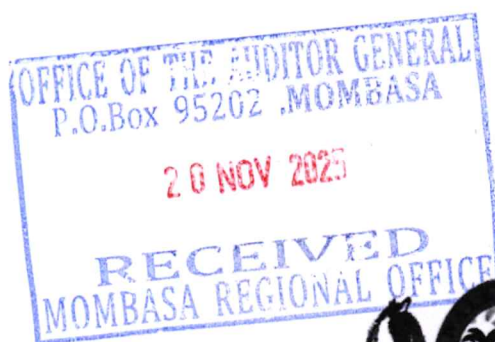
ON

KWALE COUNTY CLIMATE
CHANGE FUND

FOR THE YEAR ENDED
30 JUNE, 2025



PAPERS LAID	
DATE	02/12/25
TABLED BY	S.M.L
COMMITTEE	-
REMARKS	Cherop



KWALE COUNTY CLIMATE CHANGE FUND

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

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

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
CECM	County Executive Committee Member
CO	Chief Officer
FLLoCA	Financing Locally Led Climate Action
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SPA	Special Purpose Account

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information and Management

a) Background information

Kwale County Climate Change Fund is established by and derives its authority and accountability from The Kwale County Climate Change Act of 2022. The Fund is wholly owned by the County Government of Kwale domiciled in Kenya.

The Fund's objective is to facilitate channeling of climate finance to vulnerable communities through the County Government in order to build their resilience and reduce vulnerabilities to a changing climate.

The Fund's principal activity is enhance climate resilience through development, management, implementation, regulation and monitoring of adaptation and mitigation measures and actions in Kwale County.

b) Principal Activities

The principal activity/mandate of the Fund is to allow poor and vulnerable households to prioritize investment that will build their resilience and offer a pathway out of poverty and climate vulnerability.

c) Key Management team

Ref	Name	Position
1	Saumu Mahaja Beja	County Executive Committee Member
2	Neema Sihaba Suya	Chief Officer
3	Grace Sheti	Fund Administrator
4	CPA Rosemary Kwekwe Kuttoh	Fund Accountant
5	Aisha Omar Dzivwa	Supply Chain Officer

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

d) Fiduciary Oversight Arrangements

SN	Position	Name
1	Chairman County Audit Committee	Abdallah Mambo Dalu
2	Member County Audit Committee	Mwanaidi R.Mwang'ombe
3	Member County Audit Committee	Thomas L.Mwadeghu
4	Member County Audit Committee	Mwanamisi A.Libindo
5	Directorate Internal Audit	Biasha Gasare

e) Registered Offices

P.O. Box 4
County Head Office Building/House/Plaza
Likoni Kinango Road
Kwale, KENYA

f) Fund Contacts

Telephone: (254) 726641990
E-mail: info@kwale.go.ke
Website: www.kwale.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

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

j) County Attorney

Kwale County

County head office

P.O. Box 4,

Kwale, Kenya

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

3. Management Team

Name	Details of qualifications and experience
1. 	Name: Hon. Saumu Mahaja Beja Date of birth: 16th April 1989 Qualifications: Bachelor of Environmental Science degree, Kenyatta University. Position: CECM for Environment, Urban Planning and NRs management.
2. 	Name : Neema Suya Date of birth : 25th May 1986 Qualifications : She holds a Bachelor's Degree in Environmental Science with a comprehensive understanding of environmental systems and policies, and currently pursuing Master of arts, governance and Leadership. Position: Chief officer for Environment, Urban Planning and NRs management.
3. 	Name : Grace Sheti Date of Birth : 13th December, 1990 Qualifications : A holder of Bachelor of Commerce Degree Accounting Option from Kenyatta University. Position: Fund Administrator.
4. 	Name: : Rosemary Kwekwe Kuttoh Date of Birth : 15th March 1979 Qualifications : A holder of Bachelor of Business Management, Finance and Banking option from Moi University, and a CPA K holder. Position : Fund Accountant

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5.		Name : Asha Omar Dzivwa Date of birth : 15th July 1989 Qualifications : Bachelor's Degree of commerce Position : Supply chain management officer
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Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. CECM's Report

It is my pleasure to present the Kwale County Climate Change Fund financial statements for the year ended 30th June 2025. The financial statements present the financial performance of the fund over the past one year. The Financial Statements reflects the funds' performance and position and have been prepared in Accordance to IPSAS as the Financial Report framework provided for by the Public Sector Accounting Standards Board. The financial year expenditure summary reports are attached herein.

a) Receipts

In the year ended 30th June 2025 the fund received receipts inform of exchequers of Ksh.85,171,400 and had previous year balances of ksh.122,819,957.

b) Payments

The total expenditure for the year amounted to Ksh 139,400,553

In the financial year 2024/2025, the Department did the listed projects

1. ESIA & NEMA license fees for water distribution project at Bofu dam.
2. Water distribution project at Bofu dam
3. Construction of Storm Water drainage system in Bongwe Gombato
4. ESIA & NEMA license fees for water catchment areas at kundutsi village
5. Restoration of degraded water catchment areas at kundutsi village
6. ESIA & NEMA license fees for establishment of water pan at Mlalo
7. Construction of Water pan in mlalo, Vanga ward
8. Micro-irrigation project at Bekadzo dam in Puma Ward
9. Micro-irrigation project at Tingani dam in Mwereni Ward
10. ESIA & NEMA license fees for construction of water pan at Mgolokoloni
11. Construction of Water pan at Mgolokoloni in Mkongani ward
12. ESIA & NEMA license fees for rehabilitation of water pan at Mabogi
13. Rehabilitation of Water pan at Mabogi , Ndauni B village Ndavaya ward.
14. ESIA & NEMA license fees for Birikani water pan at Chigombero village.
15. Construction of Water pan at Birikani Mwavumbo ward.
16. ESIA & NEMA license fees for sustainable land management at Maphombe village along ramisi river.
17. Sustainable Land Management through riparian conservation or ramisi river
18. ESIA & NEMA license fees for rehabilitation of Mwanguo water pan at Simanya
19. Rehabilitation of Kwa Mwanguo Water pan project at Simanya
20. Rehabilitation of micro-irrigation project at Mzinzi water pan at Mwangoloto

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

21. ESIA & NEMA license fees for rehabilitation of sagalato water pan at Kibandaongo
22. Rehabilitation of Sagalato Water pan in Kibandaongo, Kinango ward
23. ESIA & NEMA license fees for Kizingo micro-irrigation project at Kizingo village
24. Micro-irrigation project at Kizingo dam in Mackinon road.
25. ESIA & NEMA license fees for land management in Ziyakulu in Tiwi ward
26. Sustainable Land Management of ZiyaKulu in Tiwi ward.
27. ESIA & NEMA license fees for rehabilitation of kwa Mtawa water pan Kinondo ward.
28. Water catchment conservation project at Zuwira, Mtawa, Mwandurya
29. ESIA & NEMA license fees for rehabilitation of water collection cisterns at wasini & Mkwiwo
30. Rehabilitation of water collection cisterns (Djabias) in Wasini and Mkwiwo in Pongwe Kikoneni ward.
31. ESIA & NEMA license fees for micro irrigation project at Mwabovo borehole
32. Micro- irrigation project at Mwabovo borehole in Dzombo ward.
33. ESIA & NEMA license fees for sustainable land management at sheep and goats
34. Sustainable Land Management through rehabilitation of Sheep and Goats in waa/ Ngombeni ward.
35. Purchase and distribution of drought tolerant seeds (pulses)
36. County Energy plan
37. Supply and delivery of rice and maize seeds
38. Supply and delivery of 530 breeding Galla Bucks
39. Supply of 115 in-culf dairy Sahiwal breeding bulls
40. Supply of 124 dairy goats.

Conclusion

FY 2024/2025 was a good year in general and progress was made in the implementation of the mentioned projects. We intend to follow up on the few ongoing projects to ensure their completion.

I take this opportunity to thank H.E The Governor and Deputy Governor for their support. I also would like to thank my colleagues, and all staff of the fund who have worked hand in hand to ensure that the fund achieves its mission.

Name: Hon Saumu Beja Mahaja Signature:  Date: 30/10/2025

CECM Lands, Environment and Urban Planning

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Report of The Fund Administrator

The devolved framework under the Constitution of Kenya (2010) has recognized the rights of communities to manage their own affairs and further their development. However, development aspirations under the devolution are threatened by climate change.

Every part of Kwale county experiences one form or another of the negative impacts of climate change, such as unpredictable and intense rainfall, droughts and flooding, land degradation, outbreak in human and livestock diseases, crop pests and diseases, rising sea levels and ocean acidification. These manifestations of climate change pose serious threats to unlocking economic opportunities.

a) Receipts

In the year ended 30th June 2025 the fund received receipts inform of exchequers of Ksh. 85,171,400 and had previous year balances of ksh122,819,957.

b) Payments

The total expenditure for the year amounted to Ksh.139, 400,553.

In the financial year 2024/2025, the Department did a number of projects as listed;

Completed projects

1. Water distribution in Bofu
2. Water pan in Vanga
3. Water pan at Mgolokoloni
4. Water pan in Mabogi
5. Construction of Water pan at Birikani
6. ESIA & NEMA license fees for sustainable land management
7. ESIA & NEMA license fees for establishment of water pan at Mlalo
8. Micro-irrigation project at Tingani dam in Mwereni Ward
9. Rehabilitation of water pan at Mabogi, Ndauni B village
10. ESIA & NEMA license fees for rehabilitation of water pan at mabogi
11. ESIA & NEMA license fees for Birikani water pan at Chigombero
12. ESIA & NEMA license fees for sustainable land management
13. Rehabilitation of micro-irrigation project at Mzinzi water pan at Mwangoloto
14. Rehabilitation of Sagalato Water pan in Kibandaongo
15. ESIA & NEMA license fees for rehabilitation of sagalato water pan at Kibandaongo
16. Micro-irrigation project at Kizingo dam
17. ESIA & NEMA license fees for Kizingo micro-irrigation project at Kizingo village
18. ESIA & NEMA license fees for rehabilitation of Mwangoloto water pan at Simanya
19. Sustainable Land Management of ZiyaKulu
20. Water catchment conservation project at Zuwira, Mtawa, Mwandurya
21. ESIA & NEMA license fees for rehabilitation of kwa Mtawa water pan
22. Rehabilitation of water collection cisterns (Djabias) in Wasini and Mkwiro

Kwale County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2025

23. ESIA & NEMA license fees for rehabilitation of water collection cisterns at wasini & Mkwiro
24. Micro- irrigation project at Mwabovo borehole
25. ESIA & NEMA license fees for micro irrigation project at Mwaboro borehole
26. Sustainable Land Management through rehabilitation of Sheep and Goats
27. ESIA & NEMA license fees for sustainable land management at sheep and goats
28. Purchase and distribution of drought tolerant seeds (pulses)
29. Supply and delivery of rice and maize seeds
30. Supply and delivery of 530 breeding Galla Bucks
31. Supply of bulls
32. Supply of Goats

Ongoing projects

1. Rehabilitation of Kwa Mwanguo Water pan project at Simanya
2. ESIA & NEMA license fees for land management in Ziyakulu
3. Sustainable Land Management through riparian conservation or ramisi river
4. Construction of Storm Water drainage system in Bongwe
5. Restoration of degraded water catchment areas in Kundutsi
6. County Energy plan



Grace Sheti

Fund Administrator.

30/10/2025

Kwale County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2025

6. Statement of Performance Against the County Fund's Predetermined Objectives

Introduction

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

The key development objective of the Fund is to provide funding for priority climate change actions and interventions identified by communities and other stakeholder.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives.

Program	Objective	Outcome	Indicator	Performance
Mobilization of the Climate Finance	To secure funding for supporting Climate Action	Adequate funding for Climate actions	% of county annual budget raised for climate finance	During FY 24/25 the County allocated 96 Million funding to the Climate Fund. Additionally the County Received County Climate Institutional support of 11M from Financing Locally Led Climate Action Program.
Financing of Public good investment projects in the County	To finance locally prioritised climate investments	Resilient communities to the impacts of climate change in Kwale County	Number of investments funded	During FY ,24/25 the investments projects identified in the previous year were implemented. 39 projects were done ,most completed and few ongoing.

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

7. Management Discussion and Analysis

The fund receives its revenue from the County Treasury through its exchequer to finance its activities.

During the period ended 30th June 2025 the fund received ksh.85,171,400 only.

During the year under review, we were able to procure and implement a total of 39 community prioritized projects that were funded by the CCRI component of the FLLoCA grant and the County contribution being counterpart funding. Most of the projects have been completed, paid and operational. The table below details information about the projects implemented;

No	Project Name	Location	Contractor	Cost	Status
1	Water distribution	Bofu/Kasemeni	Samtam supplies	20,627,165	Complete
2	Water pan	Vanga	Waveline Ltd	6,635,335	Complete
3	Water pan at Mgolokoloni	Mkongani	Tripple H Investments Ltd	6,608,329	Complete
4	Construction of Water pan in Mabogi	Ndavaya	Roxen Ltd	6,754,163	Complete
5	Construction of Water pan at Birikani	Mwavumbo	Jabaal Construction Co. Ltd	6,303,866	Complete
6	Construction of Storm Water drainange system	Bongwe Gombato	N/A		To be tendered
7	Restoration of degraded water catchment areas	Kundutsi	Cadillac Tradelinks	6,903,050	80% complete
8	ESIA & NEMA license fees for sustainable land management	Kundutsi	Ecofix consultancy	210,050	Complete
9	ESIA & NEMA license fees for establishment of water pan at Mlalo	Vanga	Cemea Ltd	208,178	Complete
11	Micro-irrigation project at Tingani dam in Mwereni Ward	Mwereni	Musdhalifa General Ltd	6,359,040	Complete

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

12	Rehabilitation of water pan at Mabogi, Ndauni B village	Ndavaya	Roxen Ltd	6,741,421	Complete
13	ESIA & NEMA license fees for rehabilitation of water pan at mabogi	Ndavaya	Cemea Ltd	208,178	Complete
14	ESIA & NEMA license fees for Birikani water pan at Chigombero	Mwavumbo	Cemea Ltd	208,178	Complete
15	Sustainable Land Management through riparian conservation or ramisi river	Ramisi	Almeta Impex	6,901,568	Ongoing
16	ESIA & NEMA license fees for sustainable land management	Ramisi	Ecofix Consultancy Ltd	190,050	Complete
17	Rehabilitation of micro-irrigation project at Mzinzi water pan at Mwangoloto	Samburu Chengoni	Tripple H Investments Ltd	9,130,810	Complete
18	Rehabilitation of Sagalato Water pan in Kibandaongo	Kinango	Kebby General supplies	6,387,157	Complete
19	ESIA & NEMA license fees for rehabilitation of sagalato water pan at Kibandaongo	Kinango	Cemea Ltd	208,178	Complete
20	Micro-irrigation project at Kizingo dam	Mackinon road	Good boy Enterprises	5,339,885	Complete
21	ESIA & NEMA license fees for Kizingo micro-irrigation project at Kizingo village	Mackinon road	Ecofix Consultancy Ltd	290,050	Complete
22	Rehabilitation of Kwa Mwanguo Water pan project at Simanya	Kubo	Valtra International Ltd	6,990,009	Ongoing

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

23	ESIA & NEMA license fees for rehabilitation of Mwangoloto water pan at Simanya	Kubo	Venlicheck Invest. Ltd	208,178	Complete
24	Sustainable Land Management of ZiyaKulu	Tiwi	Jameel Investment Ltd	6,892,204	Ongoing
25	ESIA & NEMA license fees for land management in Ziyakulu	Tiwi	Ecofix Consultancy Ltd	190,050	Complete
26	Water catchment conservation project at Zuwira, Mtawa, Mwandurya	Kinondo	Debana Agency Ltd	6,801,653	Complete
27	ESIA & NEMA license fees for rehabilitation of kwa Mtawa water pan	Kinondo	Venlicheck Invest. Ltd	208,410	Complete
28	Rehabilitation of water collection cisterns (Djabias) in Wasini and Mkwiro	Pongwe Kikoneni	Musdhalifa General Ltd	6,791,183	Complete
29	ESIA & NEMA license fees for rehabilitation of water collection cisterns at wasini & Mkwiro	Pongwe Kikoneni	Cemea Ltd	208,178	Complete
30	Micro- irrigation project at Mwabovo borehole	Dzombo	Kalfam Enterprises Ltd	5,399,885	Complete
31	ESIA & NEMA license fees for micro irrigation project at Mwaboro borehole	Dzombo	Ecofix Consultancy Ltd	305,050	Complete
32	Sustainable Land Management through rehabilitation of Sheep and Goats	Ng'ombeni	Daimfey General Ltd	6,903,049	Complete

Kwale County Climate Change Fund**Annual Report and Financial Statements for the year ended June 30, 2025**

33	ESIA & NEMA license fees for sustainable land management at sheep and goats	Ng'ombeni	Ecofix Consultancy Ltd	210,050	Complete
34	Purchase and distribution of drought tolerant seeds (pulses)	Various wards	Seamlow Seeds	4,651,400	Complete
35	County Energy plan	Head quarters.	Sunken Ltd	13,920,000	Ongoing
36	Supply and delivery of rice and maize seeds	Various wards	Trikaka Enterprises Ltd	19,700,000	Delivered
37	Supply and delivery of 530 breeding Galla Bucks	Various wards	Maali Ltd	12,693,500	Delivered
38	Supply of bulls	Various wards	Suken	3,720,000	Delivered
39	Supply of Dairy Goats	Various wards	Wareng' enterprises	2,976,000	Delivered

The community is currently benefiting from these projects and happy about the same. A few projects are ongoing and progressing well, as highlighted above.

The fund's operations strictly follow the Kwale County Climate Change Act 2022 and, on financial matters use guidelines of the PFMA Act and other appropriate legislation and guidelines.

8. Environmental and Sustainability Reporting

i) Market place practices-

a) Responsible competition practice.

Responsible Supply chain and supplier relations-

The fund contracts to suppliers are done openly and fairly and payments are made in good time once the invoice is raised by the supplier. There are no cases of delayed payments.

Corruption prevention

The fund is committed to prevent corruption, unethical practices and promote standards and best practices in governance in all its activities

Responsible Supply chain and supplier relations

The fund maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices and allowing competitive procurement of services.

ii) Community Engagements-

Through public participation the residents have played a role in decision making processes, participate in program monitoring and evaluation, and demand for accountability from leaders and duty bearers.

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

9. Report of the Trustees/ Committee

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

Principal activities

The principal activity/mandate of the Fund is to allow poor and vulnerable households to prioritize investment that will build their resilience and offer a pathway out of poverty and climate vulnerability.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1.

Trustees

The key management who served during the year are shown on page vi.

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 CECM.



.....
CECM

Date: 30/10/2025

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Kwale County Climate Change Act, 2022 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 Kwale County Climate Change 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 the period ended June 30th 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Kwale County Climate Change Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Kwale county climate change Act, 2022. 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 Period ended June 30th 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

The Fund's financial statements were approved by the CECM on 30/10/2025 and signed on its behalf by:



.....

Grace Sheti

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY CLIMATE CHANGE FUND PERFORMED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kwale County Climate Change Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kwale County Climate Change Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kwale County Climate Change Fund Act, 2022 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.250,649,439 and Kshs.207,991,357 respectively, resulting in under-realization in revenue of Kshs.42,658,082 or 17% of the budget. Similarly, Management spent Kshs.139,400,553 against actual receipts of Kshs.207,991,357 resulting in under absorption of Kshs.68,590,804 or 33% of the total receipts.

The underfunding and under absorption affected planned activities and impacted negatively on service delivery to the citizens.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on page iii to xix which comprise of Key Entity Information and Management, CECM Report, Management Team, Report of the Fund Administrator, Statement of Performance Against the Predetermined Objectives, Corporate Governance Statement, Management

Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Lack of Fund Regulations

Review of administrative records revealed that the Fund operated without regulations to guide the administration and management on formulation of the County Climate Finance Framework, appointment and removal of the Fund Administrator, operations of the Fund, eligibility criteria for accessing money from the Fund, development of project proposals, procurement of goods and services, complaints mechanism and monitoring, evaluation, reporting and learning of the Fund contrary to Section 41 of the Kwale County Climate Change Act, 2022 which states that the County Executive Committee Member to, in consultation with the County Executive Committee Member in charge of Treasury develop regulations for administration and management of the Fund.

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

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

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

Responsibilities of the Management and Fund Administration 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

The Fund Administration 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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 November, 2025

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations(FllloCA)	6	14,083,750	-
Transfers From the County Government	7	85,171,400	139,811,728
Fines, Penalties and Other Levies	8	-	-
		99,255,150	139,811,728
Revenue From Exchange Transactions			
Interest Income	9	-	-
Other Income	10	-	-
		-	-
Total Revenue		99,255,150	139,811,728
Expenses			
Employee Costs	11		-
Use of goods and services	12	8,014,690	14,200,631
Depreciation and Amortization Expense	13	666,966	109,112
Other grants	14	131,385,863	
Finance Costs	15	-	-
Total Expenses		140,067,519	14,309,743
Other Gains/Losses			
Gain/Loss on Disposal of Assets	16	-	-
Gain /Loss on fair value of investments	17	-	-
Surplus/(Deficit) for the Period		(40,812,369)	125,501,985

.....
Name: Grace Sheti
Administrator of the Fund

30/06/2025

.....
Name: Rosemary Kwekwe Kuttoh
Fund Accountant
ICPAK Member Number: 20976

30/06/25

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

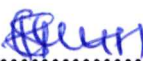
13. Statement of Financial Position as at 30th June 2025.

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	18	68,590,805	122,819,957
Current Portion of Long- Term Receivables from Non- Exchange Transactions	19	14,083,750	-
Prepayments	20	-	-
Inventories	21	-	-
Investments in financial assets	22	-	-
Total current assets		82,674,555	122,819,957
Non-Current Assets			
Property, Plant and Equipment	23	2,015,061	2,682,028
Intangible Assets	24	-	-
Long Term Receivables from Non-Exchange Transactions	19	-	-
Investment Property	25	-	-
Total non- current assets		2,015,061	2,682,028
Total Assets (A)		84,689,616	125,501,985
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	26	-	-
Current Provisions	27	-	-
Current Portion of Borrowings	28	-	-
Employee Benefit Obligations	29	-	-
Social benefit liabilities	30	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	27	-	-
Long Term Portion of Borrowings	28	-	-
Non-Current Employee Benefit Obligation	29	-	-
Social benefit liabilities	30	-	-

Kwale County Climate Change Fund
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Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Total Liabilities (B)		-	-
Net Assets (A-B)		84,689,616	125,501,985
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		84,689,616	125,501,985
Net Assets		84,689,616	125,501,985

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 30th October 2025 and signed by:



Name: Grace Sheti
Administrator of the Fund



Name: Rosemary Kwekwe Kuttoh
Fund Accountant
ICPAK Member Number: 20976

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	-	-	-	-
Surplus/(Deficit) For the Period	-	-	125,501,985	125,501,985
Funds Received During the Year	-	-		-
Transfers	-		(-)	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	125,501,985	125,501,985
Balance As At 1 July 2024	-	-	125,501,985	125,501,985
Surplus/(Deficit) For the Period		-	(40,812,369)	(40,812,369)
Funds Received During the Year	-	-	-	-
Transfers	-		(-)	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	-	-	84,689,616	84,689,616

Kwale County Climate Change Fund
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15. Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	
Transfers from the county government		85,171,400	139,811,728
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		85,171,400	139,811,728
Payments			
Fund administration expenses			-
General expenses		8,014,690	14,200,631
Finance cost		-	-
Other Grants		131,385,863	-
Total Payments		139,400,553	14,200,631
Net cash flows from operating activities	31	(54,229,153)	125,611,097
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(-)	(2,791,140)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		(-)	(-)
Net cash flows used in investing activities		(-)	(2,791,140)
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		(54,229,153)	122,819,957
Cash and cash equivalents at 1 July 2024	18	122,819,957	-
Cash and cash equivalents at 30 June 2025	18	68,590,804	122,819,957

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement Of Comparison Of Budget And Actual Amounts For The Period June 30th 2025

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
Budget carryovers from the previous year*	-	-	-	122,819,957	-	-
Receipts						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	107,000,000	143,649,439	250,649,439	85,171,400	165,478,039	34%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	107,000,000	143,649,439	250,649,439	207,991,357	42,658,082	83%
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	8,508,229	-	8,508,229	8,014,690	493,539	94%
Other payments-Grants	98,491,771	143,649,439	242,141,210	131,385,863	110,755,347	54%
Finance Cost	-	(-)	-	-	-	-
Total Expenditure	107,000,000	143,649,439	250,649,439	139,400,553	111,248,886	56%
Capital expenditure				-		
Surplus For the Period				68,590,804		

Kwale County Climate Change Fund
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Budget notes

1. Under-utilization was attributed to underfunding.
2. The budget difference is due to delays in exchequer transfers.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	68,590,804
1	This amount is for the ongoing projects not paid for as at 30th June 2025	
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	68,590,804

Kwale County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

17. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kwale County Climate Change Fund entity is established by and derives its authority and accountability from Kwale County Climate Change Act of 2022. The entity is wholly owned by the Kwale County Government and is domiciled in Kenya. The entity's principal activity is to enhance climate resilience through development, management, implementation, regulation and monitoring of adaptation and mitigation measures and actions in Kwale County.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for	Applicable 1st January 2025 The Standard requires,

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Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. - Clarifying transaction costs guidance to enhance consistency across IPSAS. - Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.

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IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

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.

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 2024/2025 was approved by the County Assembly on 24/06/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded appropriations of budget following the governing body's approval.

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

Kwale County Climate Change Fund
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Summary of Significant Accounting Policies (Continued)

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 cash flows has been presented.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) 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 an 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.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. 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 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.

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Summary of Significant Accounting Policies (Continued)

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.

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.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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.

e) 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.

f) 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.

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Summary of Significant Accounting Policies (Continued)

g) 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.

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.

h) Nature and purpose of reserves

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

i) 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.

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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Notes To the Financial Statements Continued

6. Public contributions and donations

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Donation From Development Partners (FLLoCA)	14,083,750	-
Contributions From the Public	-	-
Total	14,083,750	-

N/B. Donor funding 1st Tranche FY 24/25 that was yet to be received by 30th June 2025. This amount was received in the CRF account on 17th July 2025.

7. Transfers from County Government

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	85,171,400	139,811,728
Transfer from County Government	-	-
Unconditional Development grants	-	-
Total	85,171,400	139,811,728

8. Fines, penalties and other levies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

9. Interest income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

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10. Other income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

12. Use of Goods and Services

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
General Office Expenses	2,542,000	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	4,914,896	12,474,604
Bank Charges	575	26,307
Electricity And Water Expenses	-	-
Fuel And Oil Costs	500,000	73,393
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	57,219	226,599
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-

Kwale County Climate Change Fund
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Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Audit Fees	-	
Provision For Doubtful Debts	-	-
Other (<i>Travel costs</i>)	-	1,399,728
Social benefit expenses*	-	-
Total	8,014,690	14,200,631

13. Depreciation and Amortization Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	666,966	109,112
Intangible Assets	-	-
Total	666,966	109,112

14. Other Grants and Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Membership dues and subscriptions to international organizations	-	-
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Grants to small businesses, cooperatives, and self employed	-	-
Subsidies to Public entities	-	-
Subsidies to Private entities	-	-
Other payments –Grants	131,385,863	-
Total Grants and Subsidies	131,385,863	-

15. Finance costs

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

Kwale County Climate Change Fund
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16. Gain/(loss) on disposal of assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

17. Gain/ (loss) on Fair Value Investments

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

18. Cash and cash equivalents

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	68,590,804	122,819,957
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	68,590,804	122,819,957

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

Financial Institution	Account number	FY 2024-2025	FY 2023-2024
		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			
Kwale County Locally Climate Change fund - Family Bank	091000017346	-	5,008,229
County Climate Resilient Investment – CBK	1000618957	68,590,804	117,811,728
Sub- Total		68,590,804	122,819,957
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		68,590,804	122,819,957

19. Receivables from Non exchange transactions

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange	14,083,750	-
Less: Impairment Allowance	-	-
Total Current Receivables	14,083,750	
	-	
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Non Exchange Transactions	14,083,750	-

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Additional disclosure on interest receivable

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

20. Prepayments

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

21. Inventories

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories	-	-

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Detailed disclosure on inventories

Description	FY 2024-2025	FY 2023-2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

22. Investments in financial assets

Description	FY 2024-2025	FY 2023-2024
	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	-	-

Movement of Equity Investments

Impairment allowance/ provision	FY 2024-2025	FY 2023-2024
	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	-	-

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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		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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23. Property, plant, and equipment

	Land	Buildings	Office equipment	Furniture and fittings	Computers	Total
Rate	X%	30%	12.50%	0.33		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2024	-	-	690,726	977,670	1,013,631	2,682,027
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June 2024	-	-	690,726	977,670	1,013,631	2,682,027
At 1st July 2024	-	-	690,726	977,670	1,013,631	2,682,027
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June 2025	-	-	690,726	977,670	1,013,631	2,682,027
Depreciation And Impairment						
At 1st July 2024	-	-	-	-	-	-
Depreciation	-	-	207,218	122,209	337,539	666,966
Impairment	-	-	-	-	-	-
At 30th June 2024	-	-	207,218	122,209	337,539	666,966
At 1st July 2024	-	-	207,218	122,209	337,539	666,966
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
At 30th June 2025	-	-	207,218	122,209	337,539	666,966
Net Book Values						
At 30th June 2025	-	-	483,508	855,461	676,092	2,015,061

Kwale County Climate Change Fund
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	Land	Buildings	Office equipment	Furniture and fittings	Computers	Total
Rate		3%	30%	12.50%	0.3%	
At 30th June 2025	-		483,508	855,461	676,092	2,015,061

Kwale County Climate Change Fund
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24. Intangible assets

Description	FY 2024-2025	FY 2023-2024
	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	-	-

25. Investment Property

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Kwale County Climate Change Fund

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26. Trade and other payables from exchange transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

27. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

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28. Borrowings

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Kwale County Climate Change Fund**Annual Report and Financial Statements for the year ended June 30, 2025****29. 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	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

30. Social Benefit Liabilities

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Kwale County Climate Change Fund**Annual Report and Financial Statements for the year ended June 30, 2025****31. Cash generated from operations.**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(40,812,369)	125,501,985
Adjusted For:		
Depreciation	666,966	109,112
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		-
Increase In Inventory	-	-
Increase In Receivables	(14,083,750)	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(54,229,153)	125,611,097

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iii. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Kwale County Climate Change Fund
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Other Disclosures Continued

e) Due to related parties

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Kwale County Climate Change Fund
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33. 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) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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

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market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs

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(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

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d) Capital risk management.

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

34. Events after the reporting period

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

35. Ultimate and Holding Entity

The entity is a County Public Fund established by The Kwale County Climate Change Act of 2022 under the Ministry of Environment, Planning and Natural Resources Management. Its ultimate parent is the County Government of Kwale.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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18. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

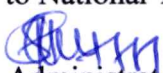
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)
N/A	N/A	N/A	N/A	N/A

The county climate change fund had no Prior Year Auditor's Recommendations.

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.


Fund Administrator

Date: 30/10/2025.

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Annex II: Inter-Fund Confirmation Letter

Kwale County Climate Change Fund
P.O Box 4

The Kwale County Climate Change Fund wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kwale County Climate Change Fund as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT242818PPVC	7-Oct-24		11,000,000		11,000,000	11,000,000	
FT242903VT2R	16-Oct-24		4,651,400		4,651,400	4,651,400	
FT24338977V4	3-Dec-24		3,500,000		3,500,000	3,500,000	
FT25041V1HM6	10-Feb-25		66,000,000		66,000,000	66,000,000	
FT25190S8H10	27-June-25		20,000		20,000	20,000	
Total			85,171,400		85,171,400	85,171,400	

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name MARAGO FILEX Sign [Signature] Date 30/10/2025

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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		

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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 (Kshs.)	Comments

