

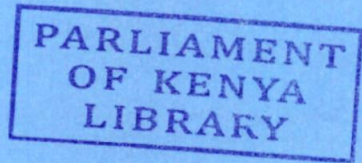
REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**TAITA TAVETA COUNTY EXECUTIVE  
STAFF CAR LOAN AND MORTGAGE  
REVOLVING FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

PAPERS LAID	
DATE	25/2/2025
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	Maalim



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**TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN AND  
MORTGAGE REVOLVING FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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

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**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**Table of Content**

1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management	iii
<b>3. Fund Administration Committee</b>	vi
<b>4. Management Team</b>	vii
<b>5. Fund Chairperson's Report</b>	viii
<b>6. Report of The Fund Administrator</b>	ix
<b>7. Statement of Performance Against the County Fund's Predetermined Objectives</b>	xi
<b>8. Corporate Governance Statement</b>	xii
<b>9. Management Discussion and Analysis</b>	xiv
<b>10. Environmental and Sustainability Reporting</b>	xv
<b>11. Report of The Committee</b>	xvi
<b>12. Statement of Management's Responsibilities</b>	xvii
<b>13. Report Of the Independent Auditor on The Taita Taveta County Executive Staff Car Loan &amp; Mortgage Revolving Fund Financial Statements</b>	xviii
14. Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2024	1
15. Statement of Financial Position As at 30 June 2024	2
16. Statement of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2024	3
17. Statement of Cash Flows for The Year Ended 30 June 2024	4
18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024	5
19. Notes to the Financial Statements	6
20. Annexes	36

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management      The key management personnel who had financial responsibility

## **Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Annual Report and Financial Statements for the year ended June 30, 2024**

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

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

The County Government of Taita Taveta Executive Staff Car Loan and Mortgage Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Taita Taveta County Executive adopted the PFM regulations 2014 to guide in the operationalization of the fund. The fund has been internally administered in the county government by the Fund Administrator

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol III (128) dated 17th December 2014 provided guidelines for access of Mortgage and mortgage benefits by state and public officers. Arising therefrom, the County Assembly approved and adopted the Staff Loans Policy Paper on 1st March 2016

The fund is wholly owned by the county government of Taita Taveta and is domiciled in Kenya

The Fund's principal activity is to provide a loan fund for the purchase of vehicle, purchase of house or land for development, renovation or repair of residential property to members of the fund.

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

The principal purpose of this scheme is to facilitate County employees to benefit from Government funded loans to purchase cars and access mortgage facilities as per SRC circular

#### **c) Fund Administration Committee**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Chairperson of the Board (CCO- Finance)	CPA Nashon Chovu Nyali
2	Chief Officer –Lands	Mr. Jimmy Megrori
3	Chief Officer – Public Works	Mr. Leonard Mwamulamba Kiute
4	County Attorney	Mr. John Mwang'ombe
5	Human Resource Manager	Mr. Joseph Kenyatta
6	Pay roll Manager	Ms. Elizabeth Ngele
7	Fund Administrator	CPA Erick Mwamburi

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**Key Entity and Management (Continued)**

**d) Key Management Steam**

Ref	Name	Position
1	CPA Nashon Chovu Nyali	Chief Office Finance & Economic Planning
2	CPA Erick Mwamburi	Fund Administrator
3	CPA Peter Mwazighe	Accountant

**e) Fiduciary Oversight Arrangements**

Ref	Position	Name
1	Directorate Internal Audit	CPA ANDREW SOGHIA

**f) Registered Offices**

P.O. Box 1066-80304

Wundanyi

**g) Fund Contacts**

Telephone: 0788186436/0718988717

E-mail: info@taitataveta.go.ke

Website: www.taitataveta.go.ke

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**Nairobi, Kenya.**
2. Kenya Commercial Bank  
Wundanyi Branch  
P.O. Box 1067-80304  
**Wundanyi, Kenya.**

**i) Independent Auditors**

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**j) Principal Legal Adviser**






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

**k) County Attorney**

Office of the Governor  
Mwatate Town, Off Voi – Taveta Highway,  
P.O. Box 1066-80304  
Wundanyi, Kenya.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**




**3. Fund Administration Committee**

Ref	Name	Position / Qualification
		<p><b><u>CPA Nashon Chovu Nyali -CCO Finance &amp; Planning</u></b></p> <p>Holds a MSc Business Admin and BCom business administration</p> <p>He has Vast experience in Finance &amp; accounting</p>
2		<p><b><u>Jimmy Merigori Mtawa-CCO -LENAR</u></b></p> <p>Holds a Bachelor of law</p> <p>He has Vast experience in Lands &amp; Urban Planning</p>
3		<p><b><u>Mr. John Mwang'ombe -County Attorney</u></b></p> <p>Holds a Bachelor of law and Diploma in Law from Kenya School of Law and he is an advocate of High Court.</p>
4		<p><b><u>Mr. Joseph Kenyatta- Human Resource Manager</u></b></p> <p>Holds a MSc- Human Resource mgt and has a vast experience in payroll matters.</p>
5		<p><b><u>CPA Erick Mwamburi-Fund Administrator</u></b></p> <p>Holds a Bachelor of Commerce -Accounting and CPA(K)</p> <p>He has vast experience in Financing and Accounting.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**4. Management Team**

<b>Ref</b>	<b>Name</b>	<b>Position / Qualification</b>
1		<p><b><u>CPA Nashon Chovu Nyali -CCO Finance &amp; Planning</u></b></p> <p>Holds a MSc Business Admin and BCom business administration</p> <p>He has Vast experience in Finance &amp; accounting</p>
2		<p><b><u>CPA Erick Mwamburi-Fund Administrator</u></b></p> <p>Holds a Bachelor of Commerce -Accounting and CPA(K)</p> <p>He has vast experience in Financing and Accounting.</p>
3		<p><b><u>CPA Peter Mwazighe-Fund Accountant</u></b></p> <p>-CPAK</p> <p>-Vast Experience in Finance &amp; Accounting</p>

## **Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Annual Report and Financial Statements for the year ended June 30, 2024**

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### **5. Fund Chairperson's Report**

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving fund is a revolving fund established pursuant to the Salaries and Remuneration Circular no SRC/ADM/CIR/1/13/ Vol III (128) of 17th December 2014. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements

For proper management of the fund, the Taita Taveta County Executive adopted Public Finance Management (Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund) Regulations 2015 to guide operationalization of the Fund. The Fund started operations in 1st March 2016 following the gazettelement of the Taita Taveta County Executive Employees Car Loan and mortgage regulation 2018. It received an initial amount of Ksh.4M.

#### **Review of performance**

##### **Income**

In the year ended 30th June 2024, the fund had projected revenue of Kshs **74,687,056** from transfers from County Government, Interest Received and loan recoveries. However, the fund was able to realise Kshs **65,623,145**.

##### **Expenditures**

The total expenditures during the period amounted to KShs **51,848,410** representing an absorption rate of 69%. The expenditure comprised of KShs **47,600,000** spent on fund main activities.

##### **Future outlook**

The fund's focus is to build a robust and sustainable fund with an aim to provide funds for purchase of motor vehicle, housing or land for residential to staff and management.

##### **Conclusion**

FY 2023/24 was a good year in general. Good progress is made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Taita Taveta County



**CPA Laban Mbelenga Kinyai**  
**Chief Officer - Finance and Economic Planning**  
**County Government of Taita Taveta**

## Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Annual Report and Financial Statements for the year ended June 30, 2024

### 6. Report of The Fund Administrator

It is my pleasure to present the Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund Financial Statements for the year ended 30th June 2024. The financial statements present the financial performance of the fund over the past year.

The fund was established on 1st March 2016 and started with an initial amount of KShs 4M and since then, over 75 loan beneficiaries have made borrowings amounting to KShs 262 M.

#### Financial Performance

##### a) Revenue

In the year ended 30th June 2024, the fund had projected a revenue of KShs 74,687,056 consisting of; KShs 40,187,056 from transfer from County Executive, and KShs 34,500,000 from other sources.

A graphical representation of the revenue budget is as shown below:



**Figure 1: Fund's sources in FY 2023/2024**

Out of the projected revenue, the Fund was able to realize KShs 66,073,660 in actual revenues, representing 88% performance. This performance was as a result of 80% realization of the funds Allocation through Transfers from County Govt, 97% interest on loans and 99% Loan recoveries.

The table below shows revenue performance during the year ended 30<sup>th</sup> June, 2024.

Revenue Classification	Revenue Budget (KShs)	Actual (KShs)	Realisation (%)
Transfers from County Govt.	40,187,056	32,000,000	80%
Interest income	4,500,000	4,343,384	97%
Loan Recoveries	30,000,000	29,730,276	99%
<b>Total</b>	<b>74,687,056</b>	<b>66,073,660</b>	<b>88%</b>

**Table 1: Revenue performance in FY 2023/2024**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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b) Loans

During the financial year 2023/24, the fund disbursed 10 new loan bringing the total loan beneficiaries to date to 75.

**Fund Physical Performance**

The Fund has continued to endeavour in fulfilling its core objective. i.e. loans to facilitate purchase of cars and access mortgage facilities to its staff. Despite, a number of challenges to fund's Strategic objective such as Late disbursements funds from Exchequer Issues, High Interest rates on Fridge Benefit Tax and Underfunding of the Fund Budget. The fund has been able to disburse a total loan of Kshs.262 million to 75 beneficiaries.

**Future outlook**

The fund's focus is to build a robust and sustainable fund with an aim to provide funds for purchase of motor vehicle, housing or land for residential to staff and management. The fund has a Budget allocation of Kshs 15,000,000 to met its objective for the FY 2024/25.

**Fund's Risk policy management**

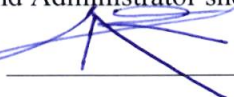
The Risk management policy framework process will assist County authorities and management recognize the risks it is facing, perform risk assessment, and develop strategies to mitigate risks using resources available to them. Pursuant to PFM Act2012 section 155(3)(d) on institutional Risk management policy framework (IRMPF). The role of internal audit is to provide independent and objective assurance to the County Audit, Governance and Risk management committee on the effectiveness of risk management process put in place by the county and recommend appropriate risk mitigation measures.

**Conclusion**

FY 2023/24 was a good year in general. Good progress was made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

I take this opportunity to thank the Fund Committee Members for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Taita Taveta County Executive Mortgage fund achieves its mission.

The Fund Administrator should sign the Fund Administrator report.

Signed:  \_\_\_\_\_

**Erick Mwamburi**

**Fund Administrator**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**7. 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 objectives of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund plan are to:

- a) Provide funds for purchase of motor vehicle.
- b) Provide housing or land for residential to staff and management.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number of mortgages successfully applied	% of staff taking Mortgage facilities	During Period ,5 Members of staff accessed the facility and were able build their own houses
Provision of Car loan facilities to all members of staff	To ensure all staff have access to Car loan facilities	Number of Car Loan successfully applied	% of staff taking Car Loan facilities	During Period ,5 Members of staff accessed the facility and were able own Motor Vehicle.

## **Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Annual Report and Financial Statements for the year ended June 30, 2024**

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### **8. Corporate Governance Statement**

#### **THE BOARD**

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund was Gazetted on 30<sup>th</sup> September 2016 in *the Taita Taveta supplement No. 16, legislative supplement No. 1. (Taita Taveta County Legislative Supplement No. 1).*

The fund committee, performs all functions vested in the fund legislation and other Regulations.

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

#### **THE FUND COMMITTEE MEMBERS**

The Fund's legislation provides that the fund shall be made up of seven (7) Members, including the chairman, and shall consist of a chairperson and eight (6) other members as directed by the funds Act. The Fund Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund Administrator but the Members are responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for Mortgage and car loan

#### **FUND COMMITTEE MEETINGS**

The fund holds at least 4 sitting every quarter or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. The Committee also plays an oversight role over all other financial and operational issues.

#### **AUDIT AND RISK COMMITTEE**

The County internal Audit committee and internal Auditors are tasked with ensuring that corporate governance and integrity is enhanced in between the governance of the fund. The committee was established to advice the board on institutional risk management and compliance.

#### **STATEMENT OF COMPLIANCE**

The committee confirms that the fund has throughout the FY2023/2024 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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The fund will conduct an external legal audit which will confirm that the institution had complied with all relevant laws, regulations and requirements.

**INTERNAL CONTROL AND RISK MANAGEMENT**

**Internal Control**

The committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

**Standing Instructions**

The fund has a Code of Ethics and Service that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

**Organization Structure**

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

**Strategic Plan**

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives.

**Internal Control Framework**

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the audit and risk committee.

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2023/24.

**Management Team**

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

**Auditor**

The fund is audited by the Auditor-General.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**9. Management Discussion and Analysis**

The committee has continued to grow since its inception and the management has put measures in place to safeguard against any risks.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that there is no any form of non-compliance.

**BUSINESS PERFORMANCE**

**Revenue**

The fund has so far received over 160 M as revenues from the exchequer issues since its inception, this will go a long way to see the proposed development plan are achieved within the stipulated period. This will see elevation of the lives of staff member of the County.

**Cash flow**

The cash and cash equivalents increased from KShs 9,285,913 as at 30 June 2023 to KShs 23,060,648 as at 30 June 2024. The late receipt from exchequer resulted to the significant increase in cashflow.

**OPERATIONAL PERFORMANCE**

The fund's core operating activities is to elevate the living standards of staff member of the county, by availing funds for acquisition of motor vehicle and residential houses as outlined in the Act.

**Employees**

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

**Conclusion**

We appreciate the unrelenting support from the committee members, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2023/2024.

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

The County Executive of Taita Taveta exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five (5) pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **1. Sustainability strategy and profile –**

The Fund through its management has continued to structure its programs towards development projects and activities that depicts high sense of value for money and goes a long way in alleviating the residents suffering and improving their ease of doing business. In the year under review, the Fund has continued to make awareness its members of the as a strategy for improving uptake of the facility.

### **2. Environmental performance**

To promote sustainable land use and environmental conservation the Fund through County Government undertook various capacity building and provision of materials geared towards environmental protection and sustainable land use.

### **3. Employee welfare**

The County Government revamped its efforts in improving the welfare of its employees as a key ingredient to employee motivation and satisfactory work performance. Some of these activities includes the provision of Comprehensive Medical Cover to all its cadre of staff.

### **4. Market place practices-**

To entrench the spirit of competition in its activities, the Fund through County Government during the year under review embraced E-Procurement when sourcing of goods and services. The system enhances openness and transparency as tenders were advertised on the local dailies and also posted on the IFMIS portal hosted at The National Treasury. The same were opened, evaluated, awarded, inspected and received through the system hence sealing loopholes of any collusion that could have occurred.

The organisation should outline its efforts to:

### **5. Corporate Social Responsibility / Community Engagements**

The County Government through its various Departments and in collaboration with other stakeholders has been engaging in various community initiatives that have helped improved people's living standards. During the year under review several specialized medical camps, such as cancer screening, orthopaedic medical camps, were held in various parts of the County.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**11. Report of The Committee**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are to provide a loan fund for the purchase of vehicle, house or land for development, renovation or repair of residential property to members of the fund.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 4

**Committee**

The members of the Committee who served during the year are shown on page iv. There were no changes in the Board during the financial year.

**Auditors**

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

By Order of the Board

Signed:  \_\_\_\_\_

**Erick Mwamburi**

**Fund Administrator**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Taita Taveta County Gazette Supplementary No. 16, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Taita Taveta County Gazette Supplementary No. 16. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, 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 County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 24/11/2024 and signed on its behalf by:

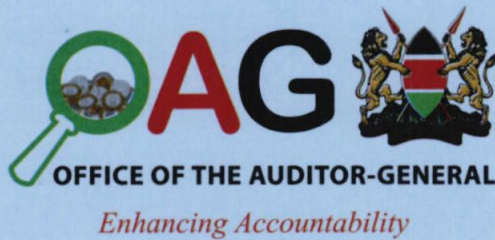


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**Erick Mwamburi**  
**Fund Administrator**

# 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 TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

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

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

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

#### **Opinion**

I have audited the accompanying financial statements of Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund set out on pages 1 to 36, which comprise

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*Report of the Auditor-General on Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund For the year ended 30 June, 2024*

the statement of financial position as at 30 June, 2024, 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving 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**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of Kshs.74,687,056 and Kshs.66,073,660 respectively resulting in under-funding of Kshs.8,613,396, or 12% of the budget. Similarly, the Fund spent a balance of Kshs.4,248,410 against actual receipts of Kshs.4,705,612, resulting to an under-utilization of Kshs.457,202, or 10% of the actual receipts.

The under-funding and under-utilization may have impacted negatively on the Fund's activities.

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 Matter**

### **Unresolved Prior Year Audit Issues**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although Management has indicated that the issues have been resolved, no evidence was provided to support that status.

### **Other Information**

Management is responsible for the other information set out on page iii to xvii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Committee 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund 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 USE OF PUBLIC RESOURCES**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Failure to Prepare Quarterly and Annual Reports to County Executive Committee and County Assembly**

During the year under review, there was no evidence that the Fund submitted quarterly and annual reports to the County Executive Committee and the County Assembly, contrary to Regulation 7(i) of the Taita Taveta County Government Employees Car Loan and Mortgage Fund Regulations, 2016 which states that the functions of the Fund committee is to administer the Fund and as such to prepare quarterly and annual reports on the operations and performance of the Fund for submission to the County Executive Committee and the County Assembly.

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

### **2. Failure by Committee to Hold Meetings**

Review of the staff loan fund committee meeting minutes revealed that there were no meetings held within the financial year 2023/2024. This is contrary to Regulation 8(1) of the Taita Taveta County Government Employees Car Loan and Mortgage Fund Regulations, 2016 which requires the committee to meet at least once in each calendar month.

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

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **Regularity of Imprest Management**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services of Kshs.984,621 which includes Kshs.672,800 paid to the Fund Administrator for staff allowances for a four-day workshop in Mombasa. However, the procedure of issuing temporary/safari imprests to one officer instead of individual staffs through imprest warrants and recording in an imprest register was not followed.

In the circumstances, the effectiveness of internal controls on imprests could not be confirmed.

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

### **Responsibilities of Management and 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 overall 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 the 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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**

**27 December, 2024**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	FY 2023/2024 Kshs	FY 2022/2023 Kshs
<b>Revenue From Non-Exchange Transactions</b>			
			*Restatement
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	32,000,000	10,000,000 *
Fines, Penalties and Other Levies	3	-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	4,343,384	3,222,282
Other Income	5	-	-
<b>Total Revenue</b>		<b>36,343,384</b>	<b>13,222,282</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	984,621	621,585
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	4,434,361	-
<b>Total Expenses</b>		<b>5,418,982</b>	<b>621,585</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
<b>Surplus/(Deficit) for the Period</b>		<b>30,924,403</b>	<b>12,600,697</b>

\*Restated Balance as explained in the Note 2

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 04/11 2024 and signed by:



**Fund Administrator**

**Name: Erick Mwamburi**



**Fund Accountant**

**Name: Peter Mwazighe**


**ICPAK Member Number: 25666**


**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position As at 30 June 2024**

Description	Note	FY 2023/2024 Kshs	FY 2022/2023 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	23,511,163	9,285,913
Current Portion of Long- Term Receivables (ET)	13	31,425,039	24,823,539
Investments in financial assets	16		
<b>Total current assets</b>		<b>54,936,202</b>	<b>34,109,452</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	13	122,014,367	114,850,562
Investment Property	19		
<b>Total non- current assets</b>		<b>122,014,367</b>	<b>114,850,562</b>
<b>Total Assets (A)</b>		<b>176,950,569</b>	<b>148,960,014</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	5,170,572	13,100,000
Current Provisions	21		
<b>Total current liabilities</b>		<b>5,170,572</b>	<b>13,100,000</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	21		
Non-Current Employee Benefit Obligation	23		
Total Non-Current Liabilities		-	-
<b>Total Liabilities (B)</b>		<b>5,170,572</b>	<b>13,100,000</b>
<b>Net Assets (A-B)</b>		<b>171,779,998</b>	<b>135,860,014</b>
<b>Represented By:</b>			
Revolving Fund		118,254,207	118,254,207
Reserves		1,559,696	(3,435,885)
Accumulated Surplus		51,966,094	21,041,692
<b>Net Assets</b>		<b>171,779,998</b>	<b>135,860,014</b>

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 04/07/2024 2024 and signed by:

  
\_\_\_\_\_  
**Fund Administrator**  
Name: Erick Mwamburi

  
\_\_\_\_\_  
**Fund Accountant**  
Name: Peter Mwazighe  
ICPAK Member Number: 25666

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	118,254,207	(3,899,636)	8,440,995	122,795,566
Surplus/(Deficit) For the Period			12,600,697	12,600,697
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	463,751	-	463,751
<b>Balance As At 30 June 2023</b>	<b>118,254,207</b>	<b>(3,435,885)</b>	<b>21,041,692</b>	<b>135,860,014</b>
<b>Balance As At 1 July 2023</b>	<b>118,254,207</b>	<b>(3,435,885)</b>	<b>21,041,692</b>	<b>135,860,014</b>
Surplus/(Deficit) For the Period	-	-	30,924,403	30,924,403
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	4,995,581	-	4,995,581
<b>Balance As At 30 June 2024</b>	<b>118,254,207</b>	<b>1,559,696</b>	<b>51,966,094</b>	<b>171,779,998</b>

\*Restated Balance as explained in the Note 2

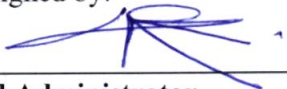
**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**


**17. Statement of Cash Flows for The Year Ended 30 June 2024**

Description	Note	FY 2023/2024 Kshs	FY 2022/2023 Kshs
<b>Cash flows from operating activities</b>			Restatement
<b>Receipts</b>			
Public contributions and donations	1	-	-
Transfers from the county government	2	32,000,000	10,000,000 *
Interest received	3	4,343,384	3,222,282
<b>Total receipts</b>		<b>36,343,384</b>	<b>13,222,282</b>
<b>Payments</b>			
Employee Costs	6	-	-
Use of goods and services	7	984,621	621,585
Finance cost	9	3,263,789	-
<b>Total payments</b>		<b>4,248,410</b>	<b>621,585</b>
<b>Net cash flows from operating activities</b>		<b>32,094,974</b>	<b>12,600,697</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible Asset			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments	28	29,730,276	28,462,424
Loan disbursements paid out	29	(47,600,000)	(42,646,478)
<b>Net cash flows used in investing activities</b>		<b>(17,869,724)</b>	<b>(14,184,054)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>14,225,250</b>	<b>(1,583,357)</b>
Cash and cash equivalents at 1 July		9,285,913	10,869,270
<b>Cash and cash equivalents at 30 June</b>		<b>23,511,163</b>	<b>9,285,913</b>

\*Restated Balance as explained in the Note 2

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 04/11 2024 and signed by:

  
\_\_\_\_\_  
**Fund Administrator**  
**Name: Erick Mwamburi**

  
\_\_\_\_\_  
**Fund Accountant**  
**Name: Peter Mwazighe**  
**ICPAK Member Number: 25666**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024**

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
<b>Revenue</b>						
Public Contributions and Donations						
Transfers From County Govt.	35,187,056	5,000,000	40,187,056	32,000,000	8,187,056.00	80%
Interest Income	4,500,000		4,500,000	4,343,384	156,615.51	97%
Loan Recoveries	30,000,000		30,000,000	29,730,276	269,724.45	99%
<b>Total Income</b>	<b>69,687,056</b>	<b>5,000,000</b>	<b>74,687,056</b>	<b>66,073,660</b>	<b>8,613,395.97</b>	<b>88%</b>
<b>Expenses</b>					-	0%
Employee Costs				-	-	0%
Use of goods and services	1,055,612	150,000	1,205,612	984,621	220,990.68	82%
Finance Cost	3,500,000		3,500,000	3,263,789	236,211	93%
<b>Total Expenditure</b>	<b>4,555,612</b>	<b>150,000</b>	<b>4,705,612</b>	<b>4,248,410</b>	<b>457,202</b>	<b>90%</b>
<b>Surplus For the Period</b>	<b>65,131,444</b>	<b>4,850,000</b>	<b>69,981,444</b>	<b>61,825,250</b>	<b>8,156,194</b>	<b>88%</b>
<b>Capital expenditure</b>	<b>65,131,444</b>	<b>4,850,000</b>	<b>69,981,444</b>	<b>47,600,000</b>	<b>22,381,444</b>	<b>68%</b>

## Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Annual Report and Financial Statements for the year ended June 30, 2024

### 19. Notes to the Financial Statements

#### Significant Accounting Policies

##### 1. General Information

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund is established by and derives its authority and accountability from Taita Taveta County Subsidiary legislation, 2016. The entity is wholly owned by the Taita Taveta County Executive and is domiciled in Kenya. The entity's principal activity is to issue Mortgage & Car Loan facilities at 3% interest on reducing balance.

##### 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

Standard	Effective date and impact:
IPSAS 43	<b>Applicable 1<sup>st</sup> January 2025</b> 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 Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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	<b>Applicable 1<sup>st</sup> January 2025</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

and Equipment	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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 48- Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.

**(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 2023/24 was approved by the County Assembly on 25<sup>th</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs 5,000,000 on the FY 202/24 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.

**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 performance has been presented under section of these financial statements.

**c) Property, plant and equipment**

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

**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. 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. 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.

**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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note*.

**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.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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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. *Entity to state the reserves maintained and appropriate policies adopted.*

**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. Additional disclosure of these estimates of provisions is included in Note .

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.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**6. Notes To The Financial Statements Continued**

**1. Public contributions and donations**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	32,000,000	10,000,000
Payments By County on Behalf of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>32,000,000</b>	<b>10,000,000</b>

\* Restated Balances: The Transfers From County Govt. –Operations of Kshs 10,000,000 which is an item of Non-Exchange Transaction was earlier recognised as **Proceeds from revolving fund receipts** in Cashflow Statement and Non-recognised in the Statement of Financial Performance Statement. However, in the **new reporting template** is now correctly Classified.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest Income from Mortgage Loans	4,343,384	3,222,282
Interest Income From Car Loans	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>4,343,384</b>	<b>3,222,282</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

**5. Other income**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
<b>Total Other Income</b>	<b>-</b>	<b>-</b>

**6. Employee Costs**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**7. Use of Goods and Services**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
General Office Expenses	-	-
Administration Fees	945,675	597,375
Committee Allowances	-	-
Bank Charges	26,446	24,210
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	12,500	-
Rental Costs	-	-
<b>Total</b>	<b>984,621</b>	<b>621,585</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**8. Depreciation and Amortization Expense**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	-	-

**9. Finance costs**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Freight benefit Tax (Arrears)	1,170,572	-
Freight benefit Tax	3,263,789	-
<b>Total</b>	<b>4,434,361</b>	-

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	-	-

**11. Gain/ (loss) on Fair Value Investments**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**12. Cash and cash equivalents**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Taita Taveta Executive Mortgage Fund	19,942,515	8,111,947
Taita Taveta Executive Car Loan Fund	3,568,648	1,173,966
Taita Taveta Executive Car Loan and Mortgage Revolving Fund	-	-
On – Call Deposits	-	-
Current Account	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Cash &amp; Cash Equivalents</b>	<b>23,511,163</b>	<b>9,285,913</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>a) a) Fixed Deposits Account</b>		-	-
Kenya Commercial Bank		-	-
<b>Sub- Total</b>		-	-
		-	-
<b>b) b) On - Call Deposits</b>		-	-
CBK-Car Loan & Mortgage Revol Fund	1000741171	-	-
<b>Sub- Total</b>		-	-
<b>c) c) Current Account</b>			
KCB-Mortgage Account	1182191835	19,942,515	8,111,947
KCB- Car Loan Account	1182191959	3,568,648	1,173,966
<b>Sub- Total</b>		<b>23,511,163</b>	<b>9,285,913</b>
<b>d) d) Others (Specify)</b>		-	-
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>23,511,163</b>	<b>9,285,913</b>

**13. Receivables from exchange transactions**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable		
Current Loan Repayments Due	31,425,039	24,823,539
Other Exchange Debtors		
Less: Impairment Allowance		
<b>Total Current Receivables</b>	<b>31,425,039</b>	<b>24,823,539</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	122,014,367	114,850,562
<b>Total Non- Current Receivables</b>	<b>122,014,367</b>	<b>114,850,562</b>
<b>Total Receivables from Exchange Transactions</b>	<b>153,439,407</b>	<b>139,674,101</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**14. Prepayments**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**15. Inventories**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories ( <i>Specify</i> )	-	-
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>		
Sub- total	-	-
<b>c. Equity investments (specify)</b>		
	-	-
Sub- total	-	-
<b>Grand total</b>	-	-

**Movement of Equity Investments**

Impairment allowance/ provision	FY 2023/2024	FY 2022/2023
	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/deficit	-	-
<b>At the end of the year</b>	-	-

**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	
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**17. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2022</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2023</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-
At 1 <sup>st</sup> July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2023</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**18. Intangible assets**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

**19. Investment Property**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

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

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
Trade Payables	4,000,000		13,100,000	
Refundable Deposits				
Accrued Expenses	1,170,572			
Other Payables				
<b>Total Trade and Other Payables</b>	<b>5,170,572</b>		<b>13,100,000</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>FY 23/24</b>	<b>% of the Total</b>	<b>FY 22/23</b>	<b>% of the Total</b>
Under one year	5,170,572	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>5,170,572</b>		-	

**21. Provisions**

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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

**22. Borrowings**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	-	-

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	-	-

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**23. Employee benefit obligations**

Description	Defined benefit plan	Past employee or medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**24. Social Benefit Liabilities**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non-current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**25. Cash generated from operations.**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>30,924,403</b>	<b>12,600,697</b>
<b>Adjusted For:</b>		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
<b>Working Capital Adjustments</b>		
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
<b>Net Cash Flow from Operating Activities</b>	<b>30,924,403</b>	<b>12,600,697</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

**Notes To The Financial Statements (Continued)**

**26. 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 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

**Other Disclosures Continued**

**e) Due to related parties**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**27. Contingent assets and contingent liabilities**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

**28. Proceeds from loan principal repayments**

Proceeds from loan principal repayments	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Loan principal receivable	31,311,055	28,462,424
less loan principal Accrued	(1,580,779)	
<b>Total</b>	<b>29,730,276</b>	<b>28,462,424</b>

**29. Loan disbursements paid out**

Loan disbursements paid out	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Loan disbursements paid out	47,600,000	42,646,478
<b>Total</b>	<b>47,600,000</b>	<b>42,646,478</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

**Notes To The Financial Statements (Continued)**

**30. 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
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	31,425,039	-	-	-
Receivables From Non-Exchange Transactions	122,014,367	-	-	-
Bank Balances	23,511,163	-	-	-
<b>Total</b>	<b>176,950,569</b>	-	-	-
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	24,823,539	-	-	-
Receivables From Non-Exchange Transactions	114,850,562	-	-	-
Bank Balances	9,285,913	-	-	-
<b>Total</b>	<b>148,960,014</b>	-	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

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

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 entity has significant concentration of credit risk on amounts due from

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
<b>At 30 June 24</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 23</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

**Notes To The Financial Statements (Continued)**

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

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

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

**Notes To The Financial Statements (Continued)**

**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
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

**Notes To The Financial Statements (Continued)**

**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 2023/2024	FY 2022/2023
	Kshs	Kshs
Revaluation reserve	1,559,696	(3,435,885)
Revolving fund	118,254,207	118,254,207
Accumulated surplus	51,966,094	21,041,692
<b>Total funds</b>	<b>171,779,998</b>	<b>135,860,014</b>
Total borrowings	-	-
Less: cash and bank balances	(23,511,163)	(9,285,913)
Net debt/(excess cash and cash equivalents)	148,268,835	126,574,102
<b>Gearing</b>	<b>86%</b>	<b>93%</b>

**31. Events after the reporting period**

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

**32. Ultimate and Holding Entity**

The entity is a County Public Fund established by Taita Taveta County Subsidiary Legislation, 2016 under the Ministry of finance and Planning. Its ultimate parent is the County Government of Taita Taveta.

**33. Currency**

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024**

**20. Annexes**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Undisclosed Receivables from Exchange Transactions		Resolved	31st Aug 2024
2.0	Budgetary Control and Performance		Resolved	31st Aug 2024
3.0	Unresolved Prior Year Matters		Resolved	31st Aug 2024
4.0	Uninsured Mortgages Loans		Resolved	31st Aug 2024

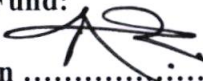
**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Annex II: Inter-Fund Confirmation Letter**

Confirmation of amounts received by Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by County Executive (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	5 Oct 2023	17,000,000.00			17,000,000.00	17,000,000.00	
	11 Jul 2024	15,000,000.00			15,000,000.00	15,000,000.00	
<b>Total</b>		<b>32,000,000.00</b>			<b>32,000,000.00</b>	<b>32,000,000.00</b>	

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

**Head of Accountants department of beneficiary Fund:**

Name Erick Mumbani Sign  Date 04/11/2024

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Annex III: Reporting of Climate Relevant Expenditures**

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**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