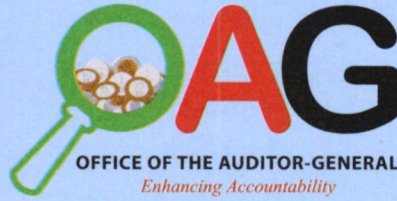


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

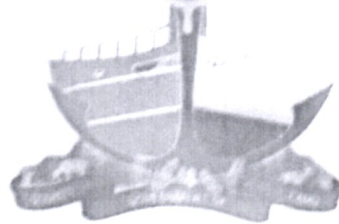
ON

**COUNTY ASSEMBLY OF LAMU CAR LOAN
AND MORTGAGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 81543, MOMBASA
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COUNTY ASSEMBLY OF LAMU CAR LOAN AND MORTGAGE FUND

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

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



County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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County Assembly of Lamu Car Loan and Mortgage Fund
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2. 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

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

3. Key Entity Information and Management

a) Background information

Car Loan and Mortgage Fund is established by and derives its authority and accountability from PFM Act 2012 and PFM Regulation (County Assembly of Lamu Car Loan and Mortgage) 2023. The Fund is wholly owned by the County Assembly of Lamu and is domiciled in Kenya.

The fund's objective is for the security of car loan and mortgage of the members of Lamu County Assembly and the Fund's principal activity is Car Loan and Mortgage.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to facilitate staff and members of the County Assembly to access low-cost car loan and mortgage.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Azhar Ali Mbarak	Speaker-Chairperson
2	MCA Husuni Mohamed	CASB Member
3	MCA Mohamed Abubakar	CASB Member
4	Paul Kimani	Deputy Speaker
5	Barisa Deko	Chairperson Budget Committee
6	Ali Godana Dae	Clerk/Fund Manager/ Administrator

d) Key Management team

Ref	Name	Position
1	Ali Godana Dae	Clerk
2	Kale Ahmed	Deputy Clerk
3	Mwarabu Salim	Director Finance

e) Fiduciary Oversight Arrangements

SN	Position
1	Office of the Auditor General
2	Controller of Budget
3	Car Loan and Mortgage Advisory Committee
4	County Assembly Budget and Appropriation Committee

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

f) Registered Offices

P.O. Box 374-80500
Bunge Lane
Mokowe, Lamu, Kenya

g) Fund Bankers

1. Gulf African Bank
Kenyatta road
P.O Box 191-80500
Lamu

h) Independent Auditors

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

i) Principal Legal Adviser

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

j) County Attorney

Lamu County Government HQs
Mokowe
P.O. Box 74-80500 Lamu

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Fund Administration Committee

The Fund Administration Committee are:

1. Azhar Ali Mbarak
Speaker County Assembly of Lamu



Mr Azhar Mbarak was born in 1983, He is the 3rd Speaker of the County Assembly of Lamu and the Chairperson of the Committee.

2. Paul Kimani Njuguna



Mr. Paul Kimani was born in 1975 and he is Member of County Assembly for Mkunumbi ward

3. Mohamed Aboud Abubakar



Member of the County Assembly of Lamu
Elected member of Faza Ward and CASB member

*County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025*

4. Barisa Deko Bana
Member of the County Assembly of Lamu



Mr Barisa Deko was born in 1992, He is the Chairperson of Budget and Appropriation Committee and a two times elected member of Basuba Ward.

5. Husuni Alawi Mohamed
Member Of County Assembly



Mr. Husuni was born in 1965 and is a Nominated MCA and CASB member

6. Ali Godana Dae
Clerk of The county Assembly



Mr. Ali Godana in 1974 and has 28 years' experience in management, airport operations, project management, HR, corporate governance and safety & security in public sector. He has a bachelor's degree in business management and Diploma in airport operations.

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Management Team

The Management Team are:

1. Ali Godana Dac

The Clerk of the County Assembly of Lamu
Fund Administrator



Mr. Ali Godana in 1974 and has 28 years' experience in management, airport operations, project management, HR, corporate governance and safety & security in public sector. He has a bachelor's degree in business management and Diploma in airport operations.

2. Kale Ahmed Ali

Deputy Clerk



Mr. Ali holds master's degree in Economic Policy Management and A Bachelor of Arts Economics and Mathematics from University of Nairobi and Egerton University respectively. He also holds a Diploma in Business and Accounting by ACCA and a Diploma in International Public Sector Accounting Standards (IPSAS) by Chartered Institute of Public Finance and Accountancy (CIPFA).

He is a member of the Economist Society of Kenya and CIPFA(UK) with over sixteen years work experience and with certified trainings on IFRS, IAS, IPSAS and PFM by ACCA.

3. Mwarabu Salim Hassan

Director Finance and Economic Planning



Mrs. Mwarabu Salim holds a master's degree in business administration (Accounting option), bachelor's degree in business administration (Accounting Option)

She is a member of CPA(K) by profession and an ICPAK member and was once representing Lamu County, she has ten years' experience in public sector and three years' experience in private sector.

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

6. Board/Fund Chairperson's Report

The County Assembly of Lamu Car Loan and Mortgage fund has operating since the 1st County Assembly and has seen MCAs and staff benefitting from the fund tremendously. Affording a house and a car for transport is paramount for the members of the county assembly and staff

The fund has never experienced any borrower who defaulted the repayment and has really assisted the members and staff. The banks have ensured that the value of the properties acquired through the fund are of good value and are properly charged.

The County Assembly of Lamu is planning to add funds to be able to provide the car and mortgage to all the members as the current allocation cannot service all the elected members and the Speaker. The additional funds also will see the staff of the county assembly service benefitting from the fund and hence improving their living standards.

The new committee members are working hard to ensure efficiency in approval of the loan so that members can pay within their elective period of five years.

Name: Azhar Ali Mbarak

Signature.....  10th August, 2025

The Speaker of the County Assembly
Chairperson of the Fund Administration Committee

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

7. Report of The Fund Administrator

The County Assembly of Lamu requires over one hundred and fifty million Kenya shillings in order to fully facilitate members of the County Assembly with mortgage ,but due to the budgetary constraints and limited resources, the County Treasury in consultation with budget and appropriations committee promised further allocation in the coming budget cycles, but for this financial year we were not able to be funded any amount due to budget ceiling .

The car loan and mortgage fund management has taken up the responsibility and has processed applications and approvals have been done on a first come first served, but most importantly complying with all the procedures and rules outline by the bank for provision of car and mortgage. The priority is not the committee members but to the members and staff who have complied with bank's requirements and documentation.

All previous beneficiaries of the car loan and mortgage were able to repay their loans on time and there have been no defaulters since we started providing the car loan and mortgage to the members and staff, this is an indication of the level of due diligence done by the fund management committee and the bank.

8. 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 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 objective of County Assembly of Lamu Car Loan and Mortgage Fund is to enable members and staff of the County Assembly to access low-cost credit for home ownership and personal transportation and improvement of dignity of the Members.

Three members of the County Assembly Of Lamu have already benefited from The County Assembly of Lamu Car loan and mortgage fund.

However, the funds are not enough for all the members and staff , hence still in need of additional funds. Currently the fund has approximately forty million and requires one hundred fifty million, the balance is going to be added progressively considering the budget constraints and the limited resources available.

9. Corporate Governance Statement

The committee of car loan and mortgage management committee has sat four times in order initiate the process of getting the funds and developing the tools for application of the loans. The committee also engaged the bank mandated in the provision of car loan and mortgage to the staff and members and is planning to review the existing Memorandum of Understanding with banks.

The committee also resolved to give precedence in the application of other members before their own applications as good practice and to reduce conflict of interest. They also approved that if an application of one of the committee members is being considered then he/she shall excuse the committee and leave the committee to make independent judgement based on merit and substance.

The Committee is also planning to come up with a procedure manual for the conduct of its sittings, the procedure manual for the process of loan applications, approvals and repayments. The committee is committed to ensure checks balances and have incorporated the Director Finance in its work and sittings to ensure proper accountability.

The appointments of members is as per PFM Act Regulation 2023 section 6(1) (A-E) Assembly mortgage (members Scheme Fund) and Removal is as per County Assembly service Act 2017.

10. Management Discussion and Analysis

The County Assembly of Lamu car loan and mortgage has received 40 million over the last financial years and has been able to start operationalization of the car loan and mortgage for the speaker and Members of the county Assembly. The total required to full operationalize the fund is around ksh.150M.

The new county Assembly mortgage regulations were gazetted by the County Executive Committee members for Finance and Planning, and this has will enable smooth implementation of the fund.

The County Assembly of Lamu has tasked Gulf African Bank to manage the fund and ensure compliance to credit and loan procedures of the Country.

The major risk faced by the fund is inadequate funds. Therefore, the houses and vehicles are expensive to acquire.

Another key risk in Lamu is the insecurity in the County due to terrorism and youth unemployment

The car loan and mortgage fund does not have any statutory liabilities or pending bills or any court cases. The fund has been efficient, and repayments done on time since its inception and operationalization of the fund.

11. Environmental and Sustainability Reporting

In the financial year 2024/2025 the County Assembly of Lamu embarked on improving the livelihoods of the residents of Lamu County through timely approval of new County Executive Committee Members and Chief Officers. The County Assembly approved all government policies and plans that were submitted, we have always pursued the strategy of customer first and improve our operations and access by the public. We continued to use the strategy of no wrong door/office in the County Assembly of Lamu, where citizens seeking any assistance will be provided with services by any officer or directed to the right office immediately.

We have provided attachments to the local youths in order for them to gain experience and participated in community environmental cleaning. We also received over 10 Primary schools and public organisation that came for study tour at the County Assembly and the students were taken through a live debate session.

The County Assembly of Lamu has improved its efficiency in the payment process and we closed the financial year without a single pending bill. The efficiency in payments and the payments of pending bills improved the business, economic and livelihood of the people of Lamu which ultimately contributes to improved macroeconomic performance of Kenya. All procurements are done by e-procurement through the IFMIS system thus removing the unfair manipulation of manual procurement procedures and unethical procurement process. Many bidders are invited to participate in the procurement process enhancing competition and value for money. Several market surveys were conducted by procurement department to ascertain the market prices of the goods and services to be procured. All the payments were done to suppliers and service providers on time and withholding taxes submitted on time, hence enhancing tax collections and protecting the suppliers from unnecessary penalty and interest from Kenya Revenue Authority.

The County Assembly of Lamu has created a clean and safe working environment to staff and the public. The security has been enhanced with posting of Administration Police officers working together with our security guards to ensure security and safety is improved. We have been able to train our Members of County Assembly and staff, in order to improve their performance and skills. Medical insurance cover is provided to the staff and members of the County Assembly and all the vehicles are cover with comprehensive insurance cover. There is

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

control entry and exit in to the Assembly premise with proper screening by the security officers and registration of all visitors.

The County Assembly of Lamu has made great achievement in creating an environment of ethical and honest behaviour in the procurement process by advertising through our official website, nationwide newspapers and the government portal. Our procurement plan sets aside tenders to the special categories including women, youth and people living with disability.

The County Assembly of Lamu engaged the Lamu community in public participation of all the bills and plans that are brought to the County Assembly for consideration and approval. Our social media handles are active and running while providing immediate media briefings to all the Assembly sessions, transmitted to the public in English and Kiswahili. The County Assembly staff participates in community sports and activities that creates cohesion and community harmony.

The County Assembly of Lamu participated in the annual County Assemblies Sports Activities (CASA) with all other county assemblies in Kenya held in Bungoma County and the staff participates in community games locally.

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

12. Report of the Fund Committee

The car loan and mortgage committee submit this report together with the annual financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

The principal activity of the Fund is to continue to provide affordable credit facilities to the Speaker, the staff and the Members of the County Assembly of Lamu. The fund provides for the much-needed funding to the MCAs to buy houses and cars for themselves and improve their living standards hence able to concentrate with service provision to the people of Lamu County.

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



.....
Chair Fund Administration Committee

Date: 10th August, 2025

13. 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 Public Finance Management (Assembly Mortgage Scheme Fund) Regulations, 2023 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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

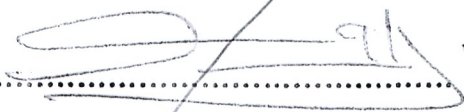
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Public Finance Management (Assembly Mortgage Scheme Fund) Regulations, 2023. 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, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the 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. OR

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 10th Aug 2025 and signed on its behalf by:

.....


Administrator of the Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF LAMU CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Lamu Car Loan and Mortgage Fund set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Lamu Car Loan and Mortgage Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Errors in Presentation and Disclosures in the Annual Report and Financial Statements

Review of the financial statements revealed that the statement of comparison of budget and actual amounts omits budget carryovers amount of Kshs.40,399,995. The statement was also not reconciled with the statement of cash flows.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Dormant Fund Capital

The statement of financial position reflects cash and cash equivalent balance of Kshs.40,399,995 as disclosed in Note 12 to the financial statements. However, no loans were issued to members of the County Assembly or staff during the year under review as in prior years. Furthermore, the idle bank balance denies the Fund earnings from foregone interest.

In the circumstances, the Fund capital remained unutilized and as such its objectives for facilitating the purchase of cars and residential houses for the scheme members were not met during the year under review.

2. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several matters were raised. However, Management has not demonstrated how the matters were resolved although their disclosed status is reported as resolved as detailed in **Appendix 1**.

Other Information

The Management is responsible for the Other Information set out on pages iv to xvii which comprise of Key Entity Information and Management, Fund Administration Committee, The Management Team, Board/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 Fund 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 Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

1. Failure to Develop County Assembly of Lamu Car Loan and Mortgage Fund Act

Review of Key Entity Information and Management revealed that the Fund derives its authority and accountability from Public Finance Management Act, 2012 and PFM Regulations (County Assembly of Lamu Car Loan and Mortgage Regulations, 2025). However, the PFM Act, 2012 is already operationalized under the PFM Regulations, 2015 enacted by the National Assembly. Hence, for the County Assembly to enact other regulations to operationalize the PFM Act, 2012 may be ultra vires.

In the circumstances the lawfulness of the County Assembly of Lamu Car Loan and Mortgage Regulations, 2025 could not be confirmed.

2. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows:

- (i) The statement of comparison of budget and actual amounts did not include Kshs.40,399,995 held in the County Mortgage Account as budget carryovers from the previous period. This implies that the Fund did not budget to spend the money and hence the amount was idle cash.
- (ii) The background information on page iv reflects mortgage regulations year as 2021 instead of 2023.
- (iii) The statement of performance against predetermined objectives on pages xi did not provide programme objectives and specific results achieved as required by the reporting template.
- (iv) The statement of Fund Administrator on page x was not signed.
- (v) The statement of corporate governance on page xii did not provide appointment of Board members, process of appointment and removal of the Board, the size, diversity, and demographics of the Board, existence of the Board charter, Roles and functions of the Board, induction, training and development of Board and members' performance.
- (vi) The Statement of Environmental and Sustainability Reporting on page xiv did not contain information required by the reporting template.
- (vii) The financial statements on page 13 reflects the word company and entity instead of the Fund.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and Those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 November, 2025

Appendix 1: Unresolved Prior year Audit Matters


year	Audit Matter	Description	Management Response	Audit Comment	Status
2024	Bank Balances	Financial statements for the years ending 30 June, 2016, 2017, 2018, 2019, 2020, 2021 & 2022 not prepared and submitted for audit.	Financial statements for the years 2022, 2023 & 2024 prepared and presented for audit	To obtain Fund Banks statements for 2016, 2017, 2018, 2019 & 2020	Unresolved
2023	Unresolved Prior Year Audit Matters	Audit matters in respect of 2022/23 remained unresolved	All issues addressed by senate and county assembly public accounts committee	Documented senate and County Assembly Public Accounts Committee recommendations to be provided	Unresolved
2024	Dormant Fund Capital	No Loans issued to Members of County Assembly or Staff	Members benefited from the Fund	Matter still recurring	Unresolved
2024	Non-Compliance with Public Sector Accounting Standards Board Reporting Requirements	Several errors noted in financial statements	Financial statements amended.	Matter still recurring	Unresolved

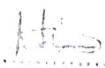
County Assembly of Lanut Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		-	-
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	-	-
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		-	-
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		-	-

The entity financial statements were approved on 10th Aug 2025 and signed by:


Name: Ali Godana Dae
Administrator of the Fund


Name: Niyandun Salim
Fund Accountant
ICPAK Member Number: 21616

County Assembly of Lamu Car Loan and Mortgage Fund
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16. Statement of Financial Position As at 30 June 2025

	Note	2024-2025	2023-2024
		KShs	KShs
Assets			
Current Assets			
Cash and Cash Equivalents	12	40,399,995	40,399,995
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		40,399,995	40,399,995
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Total non- current assets		-	-
Total Assets		40,399,995	40,399,995
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		-	-
Net Assets			
Revolving Fund		40,399,995	40,399,995
Reserves		-	-

County Assembly of Lamu Car Loan and Mortgage Fund
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Accumulated Surplus	40,399,995	40,399,995
Total Net Assets and Liabilities	40,399,995	40,399,995

The entity financial statements were approved on 10th August 2025 and signed by:



.....
 Name: Ali Godana Dae
 Administrator of the Fund



.....
 Name: Mwarabu Salim
 Fund Accountant
 ICPAK Member Number: 21616

County Assembly of Lamu Car Loan and Mortgage Fund
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17. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolun	Revaluation	accumulated	Total
	fund	reserve	surplus	assets
Balance As At 1 July 2023	40,399,995	-	-	40,399,995
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	(-)	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	40,399,995	-	-	40,399,995
Balance As At 1 July 2024	40,399,995	-	-	40,399,995
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	(-)	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	40,399,995	-	-	40,399,995

County Assembly of Lamu Car Loan and Mortgage Fund
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18. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		KSh	KSh
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments			
Fund administration expenses		-	-
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	24	-	-
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment		(-)	(-)
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		(-)	(-)
		(-)	(-)
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Repayment of borrowings		-	-
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash & cash Equivalents		(-)	(-)
Cash and cash equivalents at 1 July 2024		-	-
Cash and cash equivalents at 30 June 2025		40,399,995	40,399,995
		40,399,995	40,399,995

County Assembly of Lamu Car Loan and Mortgage Fund
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19. Statement of Comparison of Budget And Actual Amounts For The Period ended 30th June 2025

Description	Budget		Actuals			
	KShs	KShs	Total KShs	KShs	KShs	%
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	(-)	-	-	(-)	
Transfers From County Govt.	-	-	-	-	0	0%
Interest Income	-	-	-	-	(-)	
Other Income	-	-	-	-	-	
Total Income	-	(-)	-	-	(-)	
Expenses						
Fund Administration Expenses	-	-	-	-	(-)	
General Expenses	-	(-)	-	-	(-)	
Finance Cost	-	(-)	-	-	(-)	
Total Expenditure	0	(-)	-	-	(-)	
Surplus For the Period	-	-	-	-	-	0%
Capital expenditure	-	-	-	-	-	

20. Notes to the Financial Statements

1. General Information

County Assembly of Lamu is established by the Constitution of Kenya 2010 and derives its authority and accountability from PFM Act 2012.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Standard	Effective date and impact
	<p>impairment testing; and</p> <ul style="list-style-type: none"> ◦ Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements</p>	<p>Applicable 1st January 2023</p>

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Standard	Effective date and impact
to IPSAS	<ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the</p>

County Assembly of Lamu Car Loan and Mortgage Fund
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Standard	Effective date and impact:
	statement of financial performance.

(iii) Early adoption of standards

The Fund did not early – adopt any new or amended standards in the financial year ended 30th June, 2025.

1. 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 Fund 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 fund'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

There was no fund's budget for FY 2024/2025 . No 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 fund upon receiving the respective approvals in order to conclude the final budget.

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

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

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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 14 of these financial statements.

e) 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 County assembly fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

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

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The County Assembly Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another Fund. 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 Fund 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 the Fund 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 Fund 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 Fund 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 Fund 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 Fund 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 the notes.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Fund.

h) Provisions

Provisions are recognized when the fund 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 Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Fund 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 Fund will incur in fulfilling the present obligations represented by the liability.

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Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

The fund 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 Fund 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 Fund 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.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an fund pays fixed contributions into a separate 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)

n) 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.

o) 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.

p) Related parties

The Fund 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 fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) 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.

r) 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 fund'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 Fund 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 fund. 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 Fund
- 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.

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

7. Notes to the Financial Statements

1. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

2. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Fund	-	-
Total	-	-

3. Fines, penalties and other levies

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

4. Interest income

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

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5. Other income

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

6. Employee Costs

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

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Provision For Doubtful Debts	-	-
Total	-	-

County Assembly of Lamu Car Loan and Mortgage Fund
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8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
- Car Loan Account	-	-
- County Mortgage Account	40,399,995	40,399,995
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Total Cash And Cash Equivalents	40,399,995	40,399,995

County Assembly of Lamu Car Loan and Mortgage Fund
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Notes to the Financial Statements Continued

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

		2024-2025	2023-2024
a) Car Loan and Mortgage Account			
Gulf African Bank Bank	0570057002	40,399,995.40	40,399,995.40
		-	-
Sub- Total		40,399,995.40	40,399,995.40
Grand Total		40,399,995.40	40,399,995.40

13. Receivables from exchange transactions

	2024-2025	2023-2024
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	(-)	(-)
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

County Assembly of Lamu Car Loan and Mortgage Fund
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Notes to the Financial Statements Continued

Additional disclosure on interest receivable

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

14. Prepayments

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

15. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

County Assembly of Lamu Car Loan and Mortgage Fund
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Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2024-2025	2023-2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity -	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

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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
At 1 st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30 th June 2023	-	-	-	-	-
At 1 st July 2023	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30 th June 2024	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2022	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30 th June 2023	-	-	-	-	-
At 1 st July 2023	-	-	-	-	-
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30 th June 2024	-	-	-	-	-
Net Book Values					
At 30 th June 2023	-	-	-	-	-
At 30 th June 2024	-	-	-	-	-

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Notes to the Financial Statements (Continued)

18. Intangible assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

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

County Assembly of Lamu Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

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

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due to Discount and Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

County Assembly of Lamu Car Loan and Mortgage Fund
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Notes to the Financial Statements (Continued)

22. Borrowings

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

Classification of borrowings into external and domestic borrowings

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

Classification of borrowings long-term and current borrowings

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

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Notes To the Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

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

County Assembly of Lamu Car Loan and Mortgage Fund
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Notes to the Financial Statements (Continued)

25. Cash generated from operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow from Operating Activities	-	-

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

c) Key management remuneration

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

d) Due from related parties

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

Other Disclosures Continued

e) Due to related parties

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

27. Contingent assets and contingent liabilities

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

Notes To the Financial Statements (Continued)

28. 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 fund'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 fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

b) Liquidity risk management

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

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

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

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 Fund 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 Fund'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 fund's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

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

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

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

ii. Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The fund'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.

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 fund capital structure comprises of the following funds:

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

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The Fund is a County Public Fund established by the PFM Act 2012 and The Public Finance Management (Assembly Mortgage Scheme Fund) Regulations, 2023, managed by the County Assembly of Lamu.

31. Currency

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

*County Assembly of Lamu Car loan and Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2025*

21. Annexes

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

REF 1 Bank Balances	As previously reported the statement of financial position reflects cash and cash equivalent balance of Kshs.40,399,995. However, the Fund financial statements for the years ending 30 June,2016,2017,2018,2019,2020,2021 and 2022 were not prepared and submitted to the Auditor General for audit. In the circumstances, the accuracy and completeness of the financial statement opening and closing balances could not be confirmed.	The County Assembly of Lamu has prepared the financial Statements for the year 2021-2022, 2022-2023 and 2023-2024 presented to the auditors	resolved	resolved
REF 2 Unresolved Prior Audit Matters	In the audit report of the previous year, several paragraphs were raised. However, Management has not demonstrated how the matters were resolved although their disclosed status is reported as resolved	<i>The County Assembly of Lamu has addressed all the audit issues with Senate and County Assembly Public Accounts on the audit</i>	RESOLVED	RESOLVED
REF 3 Dormant Fund Capital	The statement of financial position reflects cash and cash equivalent balance of Kshs.40,399,995. However, no loans were issued to members of the county assembly or staff during under the year under review. In the circumstances, the Fund capital remained utilized and as such its objectives were not met during the year under review	<i>The County Assembly of Lamu members for the period of this two years had benefitted in the Car Loans and Mortgage.</i>	RESOLVED	RESOLVED
REF 4 Non-compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements	The financial statements pagination is not sequential and legible. The back ground information on page viii reflects the fund objective as security of car loan and mortgage instead of issuance of Car and Mortgage Loans to Scheme Members. Report of the Fund Administrator on page viii reflects the fund received 27 million while no funds were received in the year under review and budget ceiling instead of budget ceiling. Report of fund administrator, statement of performance against predetermined objectives and management discussion and analysis reflects capital funding requirements of Kshs.100 million,115 million and 120 million which are all inconsistent. The statement of performance against predetermined objectives reflects loan application approvals commenced in July,2023 while no loans were issued in the year under review. Management discussion and analysis indicates the Fund's key risk as inflation and insecurity instead of inadequate funding and loan defaults or non-application for loans. The environmental and sustainability reporting refers to county assembly activities instead of the Fund. Report of the Fund Committee indicate funds were received at the end of the year yet no money was received and new members elected on August, 2022 yet members of the County Assembly have been in office for over two (2) years. The Budget information on page 11 reflects the budget was approved on June, 2023 whereas the statement of comparison of budget and actuals reflects no amounts.	<i>We have amended the financial statements</i>	RESOLVED	RESOLVED


Ali Godana Dae

Clerk

Fund Manager/Accounting Officer
10th August, 2025

County Assembly of Lamu Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex II: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

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