

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

**MOMBASA COUNTY CONSOLIDATED
REVOLVING FUND**

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

PAPERS LAID	
DATE	7/3/24
TABLED BY	smc
COMMITTEE	
CLERK AT THE TABLE	Chung



COUNTY GOVERNMENT OF MOMBASA
MOMBASA COUNTY CONSOLIDATED REVOLVING FUND

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

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



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Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Table of Content

1. Acronyms and Glossary of Terms	iii
2. Key Entity Information and Management	iv
3. Board of Trustees/ Fund Administration Committee	viii
4. Management Team	xiv
6. Report of the Fund Administrator	xvii
7. Statement of Performance against the County Fund's Predetermined Objectives	xviii
8. Corporate Governance Statement	xx
9. Management Discussion and Analysis	xxii
11. Statement of Management's Responsibilities	xxvi
12. Report of the Independent Auditor on the Financial Statements for Mombasa County Consolidated Revolving Fund	xxviii
13. Statement of Financial Performance for the Year Ended 30 th June 2023	1
14. Statement of Financial Position as at 30 June 2023	2
15. Statement of Changes in Net Assets for the year ended 30 th June 2023	4
16. Statement of Cash Flows for the Year Ended 30 June 2023	5
17. Statement of Comparison of Budget and Actual Amounts for the Period	6
18. Notes to the Financial Statements	8
19. Annexes	42



Mombasa County Consolidated Revolving Fund

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

1. Acronyms and Glossary of Terms

a) Acronyms

ADP	Annual development Plan
BOM	Board of Management
<i>CIDP</i>	<i>County Integrated Development Plan</i>
CSR	Corporate Social Responsibility
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PWD	Person Living With Disability
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility

<i>CECM</i>	<i>County Executive Committee Member</i>
<i>MCA</i>	<i>Member County Assembly</i>
<i>CCO</i>	<i>County Chief Officer</i>

2. Key Entity Information and Management

a) Background information

Mombasa County Consolidated Revolving Fund was established by and derives its authority and accountability from Mombasa County Consolidated Revolving Fund Act No. 5 of 2016. The Fund is wholly owned by the County Government of Mombasa and is domiciled in Kenya.

The fund's objective is to:

- Expand access to finance in the promotion of youth and women enterprises to spur wealth creation.
- Generate gainful self-employment.
- Establish the mechanisms for community driven development.
- Finance technology transfer for efficiency, sustainability of projects or promote use of technology.
- Promote education, business management literacy for capacity building of the enterprises.

b) Principal Activities

The Fund's principal activity is to provide group loans to persons living with disabilities, women and youth groups with viable business initiatives. The principal activity/mission/ mandate of the Fund;

Vision

To be the county of choice in prudent management of revolving fund and business start-ups

Mission

To be the leading County Government in provision of capital revolving fund for start-up business among youth and people with disability.

Core values

The funds uphold the value of:

1. Accountability and transparency
2. Excellency & responsibility
3. Integrity & responsibility

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Equity and team work

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Chairperson	Hasnain Meghji
2	Chief Officer- Youth, Gender And Sports	Innocent Mugabe
3	Chief Officer- Finance And Economic Planning	Asha Abdi
4	Other trustees/Committee Members	Janet Ndanu Katisya, David Munga, Abdalla Abubakar Ahmed, Rev. Justus Kimeu.
5	Fund Manager/ Administrator	Joseph W. Kamau

d) Key Management Team

Ref	Name	Position
1	Fund Manager/ Administrator	Joseph W. Kamau
2	Fund Accountant	Joshua Rume
3	Administrative Officer	Larry Sifa

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Name	Position	Name
1	Richard Abiero	Directorate Internal Audit	Richa
2			
3			

f) Registered Offices

P.O. Box 9440-80100
 3rd Floor, Betting & Licensing Building
 Mombasa, KENYA

g) Fund Contacts

E-mail: info.mombasacounty@gmail.com
 Website: www.mombasacounty.go.ke

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

h) Fund Bankers

1. Faulu Kenya Limited- Kongowea

P.O. BOX 95258 GPO 80100

Nairobi, Kenya.

2. Kenya Commercial Bank – Treasury Square,

P.O. 90254-80100

Mombasa, Kenya.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

County Government of Mombasa

Bima Towers 6th Floor

P.O. BOX 84569 – 80100

Mombasa, Kenya.

ombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
1. 	Hasnain Meghji: Chair- Board of Trustees Born: 1975 Mr. Hasnain Meghji was appointed by H.E the Governor as the Board Chairman on 22nd January 2019. Mr. Meghji is an accomplished professional trained at the prestigious London School of Insurance brings to the board a wealth of experience gained from managing private as well as public organization for over 20 years. Mr. Meghji is currently the Chief Executive Officer of Masumari Meghji Insurance Brokers. He is an excellent communicator, team player, result oriented and person of high integrity
2. 	Asha Abdi: Board Member Born: August 1988 Bachelor in Economics, M.A (PPM)- Ongoing, Dip in international studies



Janet Katisya: Board Member

Born:

Janet Ndanu Katisya is a commercial lawyer, serial entrepreneur. Janet runs her own law firm that specializes in ADR, commercial and property law, J. Katisya and Associates. She has 15 years' experience as a lawyer in conveyance commercial transactions, mediation and arbitration. She was for 12 years a partner at Ndegwa, Katisya, Sitonik and Associates and Ndegwa, Muthama, Katisya and Associates.

She was the Secretary General of Mombasa Law Society for 4 years and has since served in various committees in the LSK

And Mombasa Law Society. She was part of the Committee that developed the Legislative Drafting Handbook with Kenya Law Reform.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023



4.

Innocent Mugabe: BoardMember

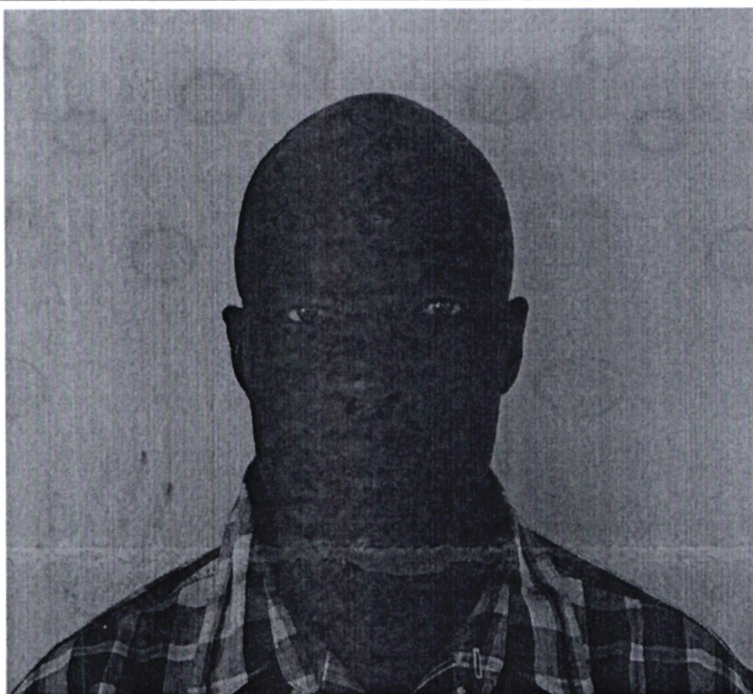
Born:

Mr. Innocent Mugabe holds a first class honors degree in Tourism Management from Moi University and completing Master's degree in International Tourism at Kenyatta University. He has worked in the Banking sector for Barclays Bank and Kenya Commercial Bank. He has been a lecturer at Moi University and Technical University of Mombasa. He was Chairman of Hospitality and Tourism Department at Technical University of Mombasa for 4 years and later the managing Director of TUMEL, LTUM Enterprise LTD.

He is also a management Consultant in Hospitality and Tourism, and Director of Sunset Paradise Homes and Bahari gates resort

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5.

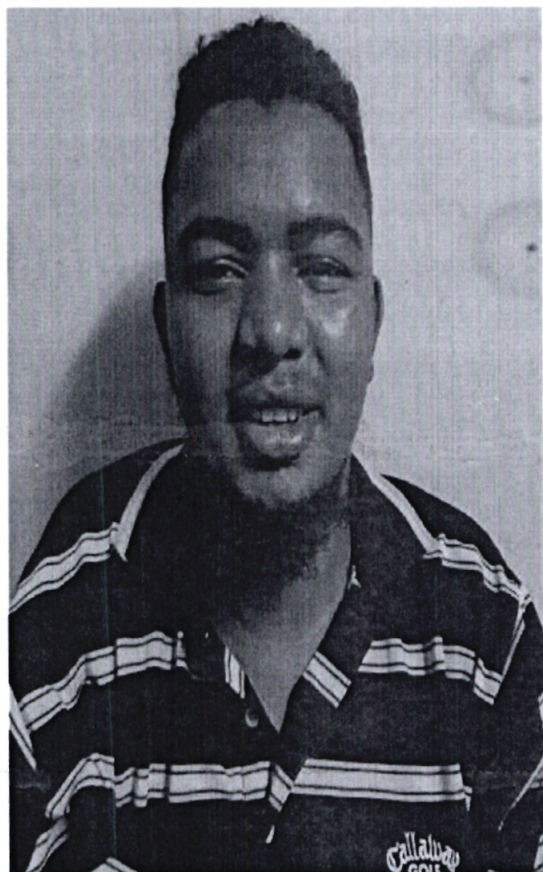


David Munga: Board Member

Born: 1964

Mr Munga is currently the acting Director of Trade. He holds a Bachelor of Commerce degree accounting option and a Master's degree in Economics. Further, on Mr Munga holds a diploma in supplies management. He has over 25 years' experience in Government and private sector

6.



Abdalla Abubakar Ahmed: Board Member

Born

Mr. Abdalla Abubakar Ahmad holds a Diploma in Public Administration and a Certificate in Business management. He is well trained in business skills and ICT from Yaris Institute of Business and information studies

.further Mr.Ahmad is a member of lottery international and organizing secretary of Muslim society of Kenya .Mr. Ahmad will represent the interest of persons

Living with disability in the board.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

7. 	Rev. Justus Kimeu: BoardMember Born Revered Justus Kimeu is a graduate of Moi university. He is currently the general secretary JCC Churches. He is also the county overseer of Mombasa Churches. He is married and a person of high moral standards.
8. 	Joseph W. Kamau: FundAdministrator Born: 1970 Joseph W. Kamau was appointed as the Fund Administrator on 18th April 2016. He has over 20 years' experience on community development matters and he has attended conferences and workshops on the same both at the local and international level. Mr. Kamau holds a degree in Public Administration from Moi University. He also holds CPS 1 and attended Senior Management course at Kenya School of Government.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023



Larry Sifa: Administrative Officer

Born: September 1986

Larry Sifa is a graduate of Bachelor of Arts in social studies from Moi university. He has also undergone leadership development program and worked in Al-Nur Media Africa who are publishers of Nairobi law monthly before joining county government of Mombasa in April

2018

9.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team

Name	Details of qualifications and experience
1. 	Joseph W. Kamau: Fund Administrator Born: 1970 Joseph W. Kamau was appointed as the Fund Administrator on 18th April 2016. He has over 20 years' experience on community development matters and he has attended conferences and workshops on the same both at the local and international level. Mr. Kamau holds a degree in Public Administration from Moi University. He also holds CPS 1 and attended Senior Management Course at the Kenya School of Government
2. 	Larry Sifa: Administrative Officer Born: September 1986 Larry Sifa is a graduate of Bachelor of Arts in social studies from Moi university. He has also undergone leadership development program and worked in Al-Nur Media Africa who publishes of Nairobi law monthly before joining county government of Mombasa in April 2018

5. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the Board of Trustees, the Mombasa County Revolving Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

Board and Management Changes

The board has noted in professional view that some recommendations from financial consultant key among them the automation of the fund's operations and the presentation of the Funds accounts in accrual basis as opposed to cash-based reporting. The organization arrangement is expected to enhance efficiency in service delivery.

Review of performance

Income

No funds were received from the county government.

Expenditures

The fund did not have any expenditure during the year under review.

Future Outlook

The year 2023/2024 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government, local political leaders, with other development partners so that the Fund can realize its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the Mombasa County Government, stakeholders, management, staff and fellow Trustees for their continued support, which made us, execute our mandate in order to develop Mombasa County by processing loans and managing the Fund. I look forward for another fabulous and continued support in the financial year 2023/2024

Tombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Conclusion

Lack of funds has been a challenge in the financial year 2022/2023 .But with necessary support from the County Treasury, Funds Board and Management team I look forward for another fabulous and continued support in the financial year 2023/2024

Name.....Signature.....Date.....

Hasnain Meghji

Chairperson of the Board/Fund

Mombasa County Consolidated Revolving Fund

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

6. Report of the Fund Administrator

It is my pleasure to present the Consolidated Revolving fund financial statements for the year ended 30th June 2023. During the year under review, we did not receive any funds from the County Government and therefore, we were not able to give loans to groups. However, we did receive applications from self-help groups requesting for funds.

Key Risk Management Strategies

The Fund is exploring better means to management, disbursement and recovery of loans by engaging a reputable Financial Intermediary Institution (Bank) through a Memorandum of Understanding (MOU). This will enhance effective management of the Fund and reduce cases of loan default hence sustainability of the Fund.

Future Programs;

The Fund is looking forward to disbursement of Ksh.100 Million to support Youth, Women and PWDs as budgeted in the FY 2023/2024. The funds will also be used for training and capacity building of the Board and Fund's Secretariat.



Name: Joseph W. Kamau

Fund Administrator.

7. Statement of Performance against the County Fund's Predetermined Objectives

Guidance

During the year under review, the board had budgeted 25,000,000, which was to be used to empower the youth, people living with disabilities and women by availing funds to support income-generating activities.

The funds were also to be used in capacity building for the youth, women and people living with disabilities in terms of skills development. Besides the funds was to be used for capacity building fir the board members and staff. The budgeted amount was also earmarked to be used in the amendment of the Revolving Fund Act and preparation of the lending regulations.

Most of these objectives were not met because the County did not transfer any money to the board.

Introduction

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

The key development objectives of the Fund as per the strategic plan for FY 2022/2023 are to:

- a) Expand access to finance in the promotion of youth and women enterprises to spur wealth creation.
- b) Generate gainful self-employment.
- c) Establish the mechanisms for community driven development.
- d) Finance technology transfer for efficiency, sustainability of projects or promote use of technology.
- e) Promote education, business management literacy for capacity building of the enterprises.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Capacity building and training of loan beneficiaries.	- To equip the beneficiaries with basic financial skills i.e. book keeping - To sensitize the beneficiaries on loan repayment.	Empowered groups	No. of groups trained	During the year under review no capacity building and training was carried out due to lack of funds.
Capacity Building for board members.	To provide leadership and management skills to board members and staff.	Empowered board management and staff	No. of trainings undertaken.	We were not able to do the same due to lack of funds.
Empowerment of youth, women and people living with disabilities.	To provide financial support to the youth, women and PWDs to start business ventures.	Empowered youth, women and PWDs.	No. of youth women, and PWD groups advanced loans.	We were not able to give loans to groups due to lack of funds.
Amendment of the Act and Lending regulations.	- To amend the Act to comply with PFM Act. - To have sound lending regulations	Enabling legislation and regulations.	- Amended Act - Approved regulations - Number of public participation forums held.	Lack of funds hampered amendment of the Act and lending regulation.

8. Corporate Governance Statement

The Mombasa County Consolidated Revolving Fund is a fund established pursuant to the Mombasa County Consolidated Revolving Fund Act 2016 and Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide loans to members of Self-Help Groups. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of Trustees at its apex. The operation of the fund is governed by an Act made in 2016. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

- **Number of Board/Trustee meetings held and the attendance to those meetings by members**

In the FY 2022/2023, the County Revolving Fund Board did not have any sitting due to lack of a running funded budget.

- **Succession plan**

The incoming County Executive is expected to appoint new board members to replace the current one whose mandate has expired.

- **Existence of a board/trustee charter**

The Fund looks forward to establishing the board charter once it has funds as one of its program.

- **Process of appointment and removal of trustees**

Members of the board are appointed in accordance to Mombasa County Consolidated Revolving Fund Act of 2016 Sections 6(2), 7, 8 & 9, which governs appointment and removal of trustees.

- **Roles and functions of the board/trustee**

The roles and functions of the board are outlined in the Mombasa County Consolidated Revolving Fund Act of 2016 as follows.

- a) To develop policies, procedures and manuals to operationalise the Fund guided by the CIDP and county vision;
- b) To oversee equitable, timely and efficient processing of loan and disbursement;
- c) To ensure compilation of proper data, records, returns and reports;
- d) To receive and discuss annual reports and returns
- e) Perform such other duties as may be deemed necessary from time to time for the proper

Mombasa County Consolidated Revolving Fund

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

management of the Fund.

- **Induction and training**

The Management of the fund budgeted for induction and training of the board and the key management team but due to lack of funds the same did not take place.

- **Board and member performance**

Members of the board are expected to attend all meetings and participate in making resolutions as per their roles under the Fund Act of 2016

- **Conflict of interest**

Every member of the board with a personal interest in an issue coming before the Board, will be required to declare interest and will not be entitled to vote on the matter. The Fund Manager shall have the right to require his opinion to be recorded in the minutes if the decision being made is contrary to his advice or the Fund Act.

- **Board/trustee remuneration**

The Board Committee members receive sitting allowances as contained in the Salary Remuneration Commission Boards and Committees Allowance Circular issued from time to time.

- **Ethics and conduct as well as governance audit.**

The board of trustees are appointed as per the chapter 6 of the constitution of Kenya.

9. Management Discussion and Analysis

The fund had managed to recover loans funds from beneficiaries during the year, it is expected to grow over the coming years, and the management has put measures in place to safeguard against risks. The fund's activities are exposed 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 has in place policies to ensure that credit is extended to youth, women and people living with disability groups with an established positive credit history.

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

Business performance

Revenue

The fund earned revenues amounting to Kshs. 6,000 from the actual local collections during the financial year 2022/2023. The Fund did not receive any disbursement from County Government during the financial year 2022/2023. The fund management is projecting increased support from the development partners as well so that its strategic plan, vision and mission for the year 2023/2024 can be realized with the strong support of the County Government.

Cash flow

The cash and cash equivalents increased from Kshs 120,977.00 as at 30 June 2022 to Kshs 123,529.55 as at 30 June 2023. There was repayment of funds from youth, Women groups and people living with disabilities.

Operational Performance

The fund's core operating activity has been of offering business loans to organised Youth, Women groups and people living with disabilities within Mombasa County. The County Government did not release any funds in the FY 2022/2023 hence no support.

Mombasa County Consolidated Revolving Fund

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

Employees

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

During the year, the fund was understaffed and the Trustees have decided to review its organizationstructure that will see some staff being hired to steer the funds vision, mission, objective and strategies forward and grow its earning and portfolio thereby increasing efficiency and effectiveness to its services to its stakeholders.

During the FY 2023/2024, the fund will embark on enhanced stakeholder's sensitization awarenesscampaigns on security, HIV/AIDs, STI's Drug abuse and Misuse, Family values, gender & disability. The Trustees will contract a qualified firm to draft this policy manual, which will be approved by the Board.

Entity's key projects or investments decision implemented or ongoing

The Fund has embarked on engaging a Financial Intermediary Institution as its key priority in the coming financial year. This partnership will result in better management and increased access to loans for youth, women and PWDs.

Fund's compliance with statutory requirements

The Fund fully complies with all statutory requirements as guided by the Fund Act, Public FinanceManagement Act and the County Government Act.

Major risks facing the Fund

The Fund is facing a high level of loan defaults compounded by the effects of Covid-19 and misunderstanding by beneficiaries that the loans awarded are for political rewards rather than for development purpose

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

10. Environmental and Sustainability Reporting

The Fund did not undertake CSR activities and other environmental issues during the year under review.

Mombasa County Consolidated Revolving Fund

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

10. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 that show the state of the Fund affairs.

Principal activities

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page

Trustees

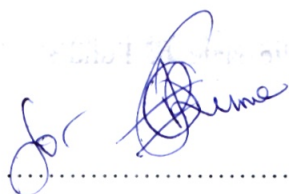
The members of the Board of Trustees who served during the year are shown on page (v). The changes in the Board during the financial year are as shown below:

Ref	NAME	Position
1	Peter Otieno	Chairperson though not gazetted.

Auditors

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

By Order of the Board



Hasnain Meghji

Chair of the Board/Fund Administration Committee

Date: 18/12/2023

Mombasa County Consolidated Revolving Fund

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

11. 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 Mombasa County Trade Revolving Fund Act 2016 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, 2023. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 *(quote the applicable legislation establishing the County Public Fund)*. 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, 2023, 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.

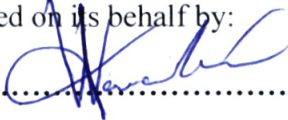
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The Fund's financial statements were approved by the Board on 18/12/ 2023 and signed on its behalf by:

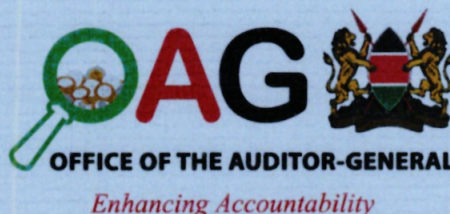

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Joseph .W. Kamau

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MOMBASA COUNTY CONSOLIDATED REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Mombasa County Consolidated Revolving Fund set out on pages 1 to 42, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

Report of the Auditor-General on Mombasa County Consolidated Revolving Fund for the year ended 30 June, 2023

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, because of the significance of the matters discussed in the in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Mombasa County Consolidated Revolving Fund as at 30 June, 2023 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 do not comply with the Mombasa County Consolidated Revolving Fund Act, 2016 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Non-compliance in Presentation and Inaccuracies of Financial Statements

The financial statements provided for audit review for the year under review had the following presentation and inaccuracies anomalies:

- a) The statement of changes in net assets for the year ended 30 June, 2023 reflects total net asset as at 30 June, 2022 amount of Kshs.54,015,112 while the certified Financial statements for the same period reflect total net asset of Kshs.54,231,191 resulting to a variance of Kshs.216,079 which was not explained or adjusted.
- b) The statement of financial performance and as disclose in Note 7 to the financial statements reflects use of goods and services amount of Kshs.3,447 while the supporting schedule reflects amount of Kshs.2,256 resulting to a variance of Kshs.1,191 which was not explained or reconciled.
- c) The statement of financial position reflects current portion of long-term receivables from exchange transactions as Kshs.53,888,135 while the re-computation amount is Kshs.54,138,642 resulting to unexplained of variance of Kshs.250,507.
- d) The statement of cash flows reflects cash and cash equivalent as at 30 June, 2023 of Kshs.123,350 and cash and cash equivalent as at 1 July, 2022 of Kshs.120,977 resulting to net increase in cash and cash equivalent of Kshs.2,373 which had not been included in the cashflow statement.

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

2. Unsupported Revolving Fund Balance

The statement of financial position reflects an amount of Kshs.54,000,000 in respect of revolving fund. However, the amount was not supported by schedule/ledger.

In the circumstances the accuracy and completeness of the fund balance Kshs.54,000,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Inability to Continue to Sustain Services

The Fund had no approved budget for the year ended 30 June, 2023. Failure to allocate budget may lead to cease of operations or termination of the Fund before achieving its objectives resulting to loss of public funds. Further, Management has not disclosed the Fund's inability to continue to sustain its services or the intention to terminate the Fund or cease operations.

2. Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Basis for Qualified Opinion and under Report on Lawfulness and Effectiveness in Use of Public Resources. These issues remained unresolved contrary to the provisions of Section 149(2)(1) of the Public Finance Management Act, 2012 which require the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matter discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Doubtful Recoverability of Long Outstanding Receivables

The statement of financial position reflects an amount of Kshs.53,888,135 as current portion of long-term receivables from exchange transactions. However, there was no evidence that loan agreements were signed by the loan beneficiaries. It was also not possible to know the terms and conditions of loans advanced since loan documents were not provided for audit review. Further, Management has not disclosed the unrecoverability of the loans in the financial statements as a loss as per the Regulations.

In addition, Management did not provide evidence that the loans were secured. This is in contravention to Section 145(4) of the Public Financial Management Act, 2012, which states that "The County Executive Committee member for Finance shall ensure that a security given in respect of a loan under this section is given in the name of the County Government".

In the circumstances, recoverability of the loans amount awarded is in doubt.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the basis for Adverse Opinion, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Board of Trustees

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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 January, 2024

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

13. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	FY2022-2023	FY 2021-2022
		Kshs	Kshs
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	0	0
Use of goods and services	7	3,447	72,600
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	2,628
Total Expenses		(3,447)	(75,228)
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(3,447)	(75,228)

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

.....
Name: Joseph W. Kamau
Administrator of the Fund

.....
Name: Joshua Rume
Fund Accountant
ICPAK Member Number:21152

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

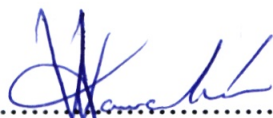
14. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022- 2023	FY 2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	123,530	120,977
Current Portion of Long- Term Receivables From Exchange Transactions	13	53,888,135	53,894,135.00
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		54,011,665	54,015,112.00
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		-	-
Total Assets		54,011,665	54,015,112.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities			
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		000	

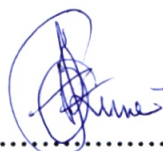
Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	FY 2022- 2023	FY 2021-2022
		Kshs	Kshs
Net Assets		54,011,665	54,015,112.00
Revolving Fund		54,000,000	54,000,000
Reserves		-	-
Accumulated Surplus		(3,447)	15,112.00
Total Net Assets and Liabilities		54,011,665	54,015,112.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 18/12/ 2023 and signed by:



.....
Name: Joseph W. Kamau
Administrator of the Fund



.....
Name: Joshua Rume
Fund Accountant
ICPAK Member Number:21152

Mombasa County Consolidated Revolving Fund

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

15. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	54,000,000	-	15,112.00	54,015,112.00
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	54,000,000	-	15,112.00	54,015,112.00
Balance As At 1 July 2022	54,000,000	-		54,015,112.00
Surplus/(Deficit) For the Period		-	(3,447)	
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	54,000,000	-	(3,447)	54,011,665

(Provide details on the nature and purpose of reserves)

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
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		-	72,600
General expenses		-	2,748
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	24	(-)	(75,348)
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		6,000	34,000
Loan disbursements paid out		(-)	(-)
Net cash flows used in investing activities		6,000	34,000
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash & cash Equivalents		-	(-)
Cash and cash equivalents at 1 July		120,977	123,350
Cash and cash equivalents at 30 June 2023		123,530	120,977

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	(-)	-	-	(-)	-
Transfers From County Govt.	25,000,000		25,000,000	-		-
Interest Income	0	-	0	-	(0)	-
Other income (Loan repayment)	0	-	0	6,000	6000	-
Total Income	25,000,000	(-)	25,000,000	6,000	6000	0.024%
Expenses						
Fund Administration Expenses	0	-	0	0	(0)	0
General Expenses	0	(-)	0	3,447	(3,447)	0
Finance Cost	-	(-)	-	-	(0)	0
Total Expenditure	(-)	(-)	(-)	2,553	2,553	0
Surplus For the Period		-				
Capital expenditure	25,000,000	-	25,000,000	2,553	2,553	0.01%

Budget notes

1. The budget was below 90% because the County Treasury did not transfer funds to the Revolving Fund Board. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

18. Notes to the Financial Statements

1. General Information

Mombasa County Consolidated Revolving Fund is established by and derives its authority and accountability from Mombasa County Trade Revolving Fund Act of 2016. The entity is wholly owned by the County Government of Mombasa and is domiciled in Kenya. The entity's principal activity is provide loans to members of Self-Help Groups.

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 based on 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 2023*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <i>(State the impact of the standard to the Entity if relevant)</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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: (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. <i>(State the impact of the standard to the Entity if relevant)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023 a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs, which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts, which were inadvertently omitted when IPSAS 41 was issued.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS, which were inadvertently omitted when IPSAS 41 was issued. <i>(State the impact of the standard to the Entity if relevant)</i>
Other improvements to IPSAS	Applicable 1st January 2023 • <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 IPSAS 41 now supersedes standard no longer included in the 2021 IPSAS handbook as it, which is applicable from 1st January 2023. <i>State the impact of the standard to the Entity if relevant</i>

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the expected impact of the standard to the Entity if relevant</i>

(iii) Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

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

Rental income

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

b) Budget information

The County Assembly approved the original budget for FY 2022- 2023 on 31st March 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date 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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* 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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit based on 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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. Public contributions and donations

Description	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	FY 2022-2023	FY 2021- 2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

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

(Provide brief explanation for this revenue)

4. Interest income

Description	FY 2022-2023	FY 2021-2022
	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	-	-

(Provide brief explanation for this revenue)

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

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

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2022- 2023	FY 2021- 2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	75,228
Committee Allowances	-	-
Bank Charges	3,447	2,748
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	FY 2022- 2023	FY 2021- 2022
	Kshs.	Kshs.
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (Specify)	-	-
Social benefit expenses*		
Total	3,447	77,976

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	FY 2022- 2023	FY 2021- 2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Description	FY 2022- 2023	FY 2021- 2022
	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	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	123,530	120,977
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalent	123,530	120,977

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1211697762	26,726	22,982
Kenya Commercial Bank	1210798255	4,796	5,987
Kenya Commercial Bank	1211698025	-	-
Faulu Bank	1003584597	92,008	92,008
Sub- Total		123,530	120,977
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		123,530	120,977

13. Receivables from exchange transactions

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	53,888,135	55,340,967
Other Exchange Debtors	-	-
Less: Impairment Allowance	(-)	(-)
Total Current Receivables	53,888,135	55,340,967
Non-Current Receivables		
Long Term Loan Repayments Due	0	-

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Total Non- Current Receivables	0	-
Total Receivables From Exchange Transactions	53,888,135	55,340,967

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

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

15. Inventories

Description	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Total Inventories at The Lower of Cost and Net Realizable Value		-
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Notes to the Financial Statements Continued

16. Investments in financial assets

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

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	Insert Current FY	Insert Previous FY
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 1st July (Previous FY)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June (Current FY)	-	-	-	-	-
Depreciation And Impairment					
At 1 st July (Previous FY)	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June (Current FY)	-	-	-	-	-
Net Book Values					
At 30 th June (Previous FY)	-	-	-	-	-
At 30 th June (Current FY)	-	-	-	-	-

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

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

19. Investment Property

Description	Insert Current FY	Insert Comparative FY
	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	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2022- 2023		FY 2021- 2022	
	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)	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

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	-	-	-	-

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

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

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

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

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2022-2023	FY 2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	FY 2022- 2023	FY 2021- 2022
	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)	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	FY 2022- 2023	FY 2021-2022
	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	-	-

(The total of this statement should tie to the cash flow section on net cash flows 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	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Other Disclosures Continued

e) Due to related parties

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

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

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 entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	54,137,294.00	-	54,016,317	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	123,530	-	120,977	-
Total	54,260,823.55	-	54,137,294	-
At 30 June 2022				
Receivables From Exchange Transactions	54,016,317	-	54,178,642	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	120,977	-	162,325	-
Total	54,137,294	-	54,340,967	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements For the year ended 30th June 2023

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	Effect on surplus/ deficit	Effect on equity
	currency rate		
	Kshs	Kshs	Kshs
FY 2022- 2023			
Euro	10%	-	-
USD	10%	-	-
FY 2021- 2022			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2022- 2023	FY 2021- 2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	137,294
Total funds	-	137,294
Total borrowings	-	-
Less: cash and bank balances	(123,530)	(120,977)
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 entity is a Mombasa County Consolidated Revolving Fund established by Mombasa County Consolidated Revolving Fund Act No. 5 on 2016. Its ultimate parent is the County Government of Mombasa.

31. Currency

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

Mombasa County Consolidated Revolving Fund
Annual Report and Financial Statements For the year ended 30th June 2023

19. Annexes

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

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

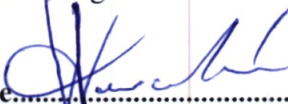
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Current portion of long term receivables from exchange transactions	The management has issued demand notices	Not Resolved due to defaults	-
	Budgetary control and performance	The new administration has committed to release funds to the board	Resolved	2023/2024

Guidance Notes:

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

Joseph W. Kamau

Fund Manager

Date: 

XXX County

XXX Fund/Board (Indicate actual name of the entity)

Annual Report and Financial Statements for the year ended June 30, 20xx

Annex II: Inter-Fund Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name Jashua Kerne Ombao Sign [Signature] Date 18/12/2023

XXX County

XXX Fund/Board (Indicate actual name of the entity)

Annual Report and Financial Statements for the year ended June 30, 20xx

Annex III: Reporting of Climate Relevant Expenditures

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

XXX County

XXX Fund/Board (Indicate actual name of the entity)

Annual Report and Financial Statements for the year ended June 30, 20xx

Annex IV: Reporting on Disaster Management Expenditure

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