

REPUBLIC OF KENYA

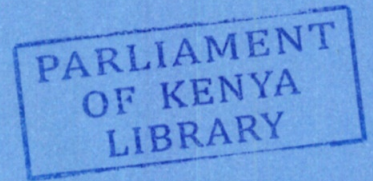


Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

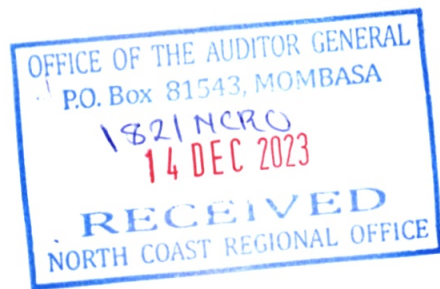


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**TANA RIVER COUNTY CAR LOAN AND
MORTGAGE SCHEME FUND**

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



Revised 30th June 2023



**TANA RIVER COUNTY CAR LOAN AND MORTGAGE
SCHEME 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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Tana River County Car Loan and Mortgage Scheme 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. Tana River County Staff Car Loan and Mortgage	vii
4. Management Team	viii
5. Board/Fund Chairperson's Report	ix
6. Report of The Fund Administrator	xi
7. Statement of Performance Against the County Fund's Predetermined Objectives	xii
8. Corporate Governance Statement	xiii
9. Management Discussion and Analysis	xiv
10. Environmental and Sustainability Reporting	xv
11. Report of The Trustees	xvii
12. Statement of Management's Responsibilities	xviii
13. Report of The Independent Auditor on the Financial Statements for Tana River County Car Loan and Mortgage Scheme Fund.	xix
14. Statement of Financial Performance for the Year Ended 30 th June 2023	1
15. Statement of Financial Position As at 30 June 2023	2
16. Statement Of Changes in Net Assets for the year ended 30 th June 2023	4
17. Statement of Cash Flows for The Year Ended 30 June 2023	5
18. Statement Of Comparison Of Budget And Actual Amounts For the year ended 30 June 2023	7
19. Notes to the Financial Statements	8
20. Annexes	40

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

Tana River County Staff Car loan and Mortgage scheme Fund is established by and derives its authority and accountability from Article 230 of the constitution.

The fund also derives its mandate from section 13 of the salaries and remuneration commission Act ,2011 and Tana River Staff car loan and mortgage regulations of 2018.

The Tana River County Staff Car Loan and Mortgage scheme Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The Tana River County Staff Car Loan and Mortgage scheme fund's objective is to facilitate car loans and mortgages to be advanced to County staff as may be prescribed by the salaries and remuneration Commission or any lawful authority in for the time being.

The Tana River County Staff Car Loan and Mortgage scheme Fund's principal activity is provision of car loan and Mortgage to County staff.

b) Principal Activities

The principal activity/mission/ mandate of the Tana River County Staff Car Loan and Mortgage Scheme Fund is to: Facilitate County Staff to benefit from the funded loans to purchase cars and access Mortgage facilities. It is expected that implementation of the benefits will motivate county staff and immensely contribute towards attraction and retention of requisite skills in line with the constitutional principles.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Mrs. Brender Mocheche	Chairperson
2	Mrs. Mariam Bunu	Member
3	Mr. Harrison Mabonye	Member
4	Mr Galgalo Jarso Jilo	Member
5	Mr. Issaiah Munje	Member

d) Key Management Team.

Ref	Name	Position
1	Mrs. Mariam Bunu	Director Finance and economic planning.
2	Mr Galgalo Jarso Jillo	Fund administrator
3	Mr. Harrison Mabonye	Director Human Resource

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Patrick Njoroge

f) Registered Offices

P.O. Box 29 - 70101
County Headquarters
Hola, KENYA

g) Fund Contacts

Telephone +254730626000
Email: info@tanariver.go.ke
Website: www.tanariver.go.ke

h) Fund Bankers

1. Equity Bank of Kenya
P.o.Box 75104
Code 00200
Nairobi

Tana River County Car Loan and Mortgage Scheme 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

Mr. Isiah Munie
The County Attorney
P.o.Box 29-70101
Hole, Kenya




Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

3. Tana River County Staff Car Loan and Mortgage Committee

Name	Details of qualifications and experience
 Mrs. Brender Mocheche Chairperson	<ul style="list-style-type: none"> ➤ CEC Member Finance and Economic Planning. ➤ Bachelor of Commerce(Finance) ➤ Certified Public Accountant(CPA-K) ➤ Experience 19 years ➤ Independent Director
 Mr Isiah Munje Member	<ul style="list-style-type: none"> ➤ County Attorney. ➤ Bachelor of Law(LLB) ➤ Experience 12years ➤ Independent Director
 Mrs Miriam Bunu	<ul style="list-style-type: none"> ➤ Director Finance and Economic Planning. ➤ Masters in Business administration ➤ Bachelors degree in Business management ➤ Certified Public Accountant(CPA-K) ➤ Experience 19 years ➤ Executive Director
 Mr Harrison Mabonye	<ul style="list-style-type: none"> ➤ Deputy director administration. ➤ CPA II ➤ Experience 25 years ➤ Executive Director
 Mr Galgalo Jarso Jillo	<ul style="list-style-type: none"> ➤ Fund administrator ➤ Bachelor's degree in Commerce ➤ CPA ➤ Experience 17 years ➤ Fund Administrator

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team

Name	Details of qualifications and experience
 <p>1. Mrs. Miriam Bunu</p>	<ul style="list-style-type: none"> ➤ Director Finance and Economic Planning. ➤ Masters in Business administration ➤ Bachelors degree in Business management ➤ Certified Public Accountant(CPA-K) ➤ Experience 19 years
 <p>2. Mr Galgalo Jarso Jilo</p>	<ul style="list-style-type: none"> ➤ Fund administrator ➤ Bachelor's degree in Commerce ➤ CPA ➤ Experience 17 years
 <p>3. Mr. Harrison Mabonye</p>	<ul style="list-style-type: none"> ➤ Director Director Administration ➤ CPA II ➤ Experience 25 years

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Board/Fund Chairperson's Report

On behalf of the Car Loan and Management committee I present the Tana River County Car Loan and Mortgage Scheme Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the disbursements for financial year 2022/2023.

Board and Management Changes

During the financial year, there were significant changes in the composition of the board and key management. One board member namely Ali Berhe retired as per his respective contract of employments. He was replaced by Mr. Harrison Mabonye.

At the tail end of the financial year, the CEC for Finance who is the chairman of the Loan management Committee Mr. Mathew Babwoya was replaced by Mrs. Brenda Mocheche the new CEC for Finance and Economic Planning in the month of June 2023.

Review of performance

Income

During the financial year 2022/2023, the fund disbursed loans and top us loans amounts to Kshs.70,945,000 to staff bringing the total loan beneficiaries to date to 21 staffs and the fund earned an income of Kshs.1,777,220 and also the Fund received an addition funding of Kshs.40,000,000 was awarded to many members of staff who had met the requirements of borrowing funds. This time the interests earned was twelve months compared to the previous year. For the subsequent financial year the income will increase due to disbursement to those interested applicants from the entire members of staff to the Fund.

Fund implementation process during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a disbursement of new loans to 12 staffs.

Expenditures

The total expenditures during the period amounted to Kshs.3,606,565 as use of goods and services and depreciation charge for the year.

Future outlook


The outlook of the Fund for 2023/24 looks brighter. The fund focuses in building 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 and development partners to the realization of its mandate.

Appreciation

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow trustees for their continued support which made us achieve these results.

I look forward to your continued support in the year 2023/2024.

Name Brenda Mocheche Signature  Date 27/09/2023

Name: Mrs. Brenda Mocheche

CECM Finance and Economic Planning

Chairperson

Tana River County Car Loan and Mortgage Scheme 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 car loan and Mortgage financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund account has been in existence since august 2019/2020 and has been operational to date.

The fund was established on 5 September 2018. Since then, a total of 21 loan beneficiaries have made borrowings amounting to more than Kshs.121,585,971

a) Financial Performance

In the year ended 30th June 2023, the fund had projected income interests of kshs.2,593,049 as revenues of the fund. and During financial year the Fund has received an additional funding of Ksh 40,000,000 from the county treasury.

b) Loans

During the financial year 2022/2023, the fund disbursed loans and top us loans amounts to Kshs.70,945,000 to staff bringing the total loan beneficiaries to date to 21 staffs and the fund earned an income of Kshs.1,777,220.

c) Conclusion

FY 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable Tana River County Car Loan and Mortgage Scheme Fund continue on a trajectory into prosperity. We have identified gaps to be improved on in the subsequent years.

I take this opportunity to thank the board of trustees for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Tana River County Car Loan and Mortgage Scheme fund achieves its mission.


Name: Mr Galgalo Jarso Jilo
Fund Administrator

**Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity or 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.

Tana River County Car Loan and Mortgage Fund is a fund developed by the Tana River Staff car loan and mortgage Regulations of 2018. Its purpose is to facilitate car loans and mortgages to be advanced to county staff as may be prescribed by the Salaries and Remuneration Commission or any other lawful authority in for the time being for the purchase of vehicles and the purchase, development, renovation or repair of residential property.

Tana River County Car Loan and Mortgage Scheme Fund had an annual budget to disburse Kshs.76,250,434 in the financial year 2022/2023. The Fund was able to advance loans to 12 county staffs in FY 2022/2023 amounting to Kshs.70,945,000

The key development objectives of the Fund in the FY 2022/2023:

- I. The purchase of vehicles.
- II. The purchase, development, renovation or repair of residential property.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
The purchase of vehicles and the purchase, development, renovation or repair of residential property	To ensure all staff have access to Mortgage facilities	Number car and mortgages successfully applied	No of loans disbursed	In FY 2022/2022 12 members accessed the facility and were able to build and purchase their own cars..

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

8. Corporate Governance Statement

The loan management committee had at least 10 board meetings over the financial year 2022/2023. All the members attended the meetings and at all time the quorum was threshold was met.

The fund does not have a board/ trustee charter as at now, however it is among the items to be initiated and implemented in financial year 2022/2023.

The process of appointment and removal of trustees is clearly indicated in regulations that guide the funds management. There were changes in the board of directors. Mr. Harrison Mabonye was appointed to replace Ali Berhe.

The loan management committee plays a supervisory role in the management of the staff car loan and mortgage fund. All key and major decisions are sanctioned by the board.

The fund conducted training for all the board members.

There was no conflict of interest noted in the financial year 2022/2023.

The performance of the board is excellent and satisfactory.

The loan management committee is only paid remuneration when an activity takes place.

All the key responsibilities and transactions are carried out with high levels of integrity as per the guidance of chapter 6 of the Constitution 2010 .

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

9. Management Discussion and Analysis

The operation of the staff car loan and mortgage fund during the financial year 2022/2023 ran smoothly under the supervision of the loan management committee as per the regulations.

The fund administrator and the management team ensured compliance to the regulations and proper books of accounts and records are in place.

There has been an increase in the demand for car loan and mortgage facilities since new changes were introduced by the loan management committee.

Conclusion

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2022/2023

10. Environmental and Sustainability Reporting

Tana River County staff car loan and mortgage fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on six pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

responsibly by honouring contracts and respecting payment practices.

- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

The organisation gives details of Corporate Social Responsibility activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which shows the state of the Tana River County Car Loan and Mortgage Scheme Fund affairs.

Principal activities

The principal activities of the Tana River County Car Loan and Mortgage Scheme Fund are issuance of mortgage and car loans to staff of the County Government of Tana River.

Results

The results of the Tana River County Car Loan and Mortgage Scheme Fund for the financial year 2022/2023 year are set out on page 1 to 7.

Trustees

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

Auditors

The Auditor General is responsible for the statutory audit of the Tana River County Car Loan and Mortgage Scheme Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date:27/07.....2023

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Article 230 of the constitution and section 13 of the salaries and remuneration commission Act ,2011 and Tana River Staff car loan and mortgage regulations of 2018. Shall prepare financial statements for the Tana River County Car Loan and Mortgage Scheme 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 Tana River County Car Loan and Mortgage scheme 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.

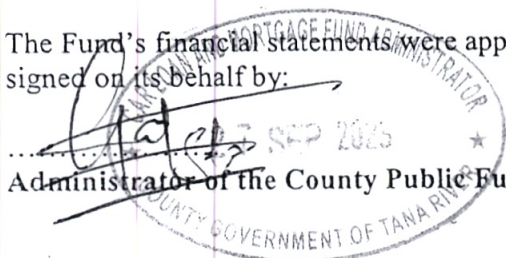
The Administrator of the County Public Fund accepts responsibility for the Tana River County Car Loan and Mortgage Scheme Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and County Public Fund established by Article 230 of the constitution and section 13 of the salaries and remuneration commission Act ,2011 and Tana River Staff car loan and mortgage regulations of 2018. 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. Nothing has come to the attention of the Administrator to indicate that the Tana River County Car Loan and Mortgage Scheme Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:

.....
Administrator of the County Public Fund



REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON TANA RIVER COUNTY CAR LOAN AND MORTGAGE SCHEME 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 government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the 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

Qualified Opinion

I have audited the accompanying financial statements of Tana River County Car Loan and Mortgage Scheme Fund set out on pages 1 to 48, 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 and actual amounts for the year then ended, and a summary of

Report of the Auditor-General on the Tana River County Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tana River County Car Loan and Mortgage Scheme Fund as at 30 June, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Basis and comply with the Public Finance Management Act, 2012 and Tana River County Staff Car Loan and Mortgage Regulation, 2018.

Basis for Qualified Opinion

1.0 Inaccuracies in Transfers from the County Government

The statement of financial performance reflects transfers from the County Government of Kshs.1,200,000, as further disclosed in and Note 2 to the financial statements. However, an inter-fund confirmation letter attached in Annex II to the financial statements reflects an amount of Kshs.40,000,000 received from Tana River County Treasury during the year under review, resulting in a variance of Kshs.38,800,000 which was not explained or reconciled.

In the circumstances, the accuracy and completeness of transfers from the County Government totalling to Kshs.1,200,000 could be confirmed.

2.0 Unsupported Receivables from Exchange Transactions

The statement of financial position reflects Kshs.7,815,590 and 108,452,777 in respect of long term and current portion of receivables from exchange transactions respectively, as further disclosed in Note13 to the financial statements. However, schedule of receivables and an ageing analysis of the same were not provided for audit review.

In the circumstances, the accuracy and completeness of receivables from exchange transactions could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.83,850,434 and Kshs.79,321,667, respectively, resulting in an under-funding of Kshs.4,528,767 or 5% of the budget. Similarly, the Fund

spent Kshs.74,551,565 against an approved budget of Kshs.83,850,434, resulting in an under-expenditure of Kshs.9,298,869 or 11% of the budget.

The under expenditure implies that all the intended actives were not implemented which may have negatively affected service delivery to the intended beneficiaries.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit of the previous year, several matters were raised under Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the matters remained unresolved as at 30 June, 2023. Although, Management indicated under the progress on follow up of auditor's recommendations section of the financial statements that some of the issues have been resolved, no evidence was provided to indicate that the matters were deliberated on by relevant oversight bodies and the resolutions therefrom.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Tana River County Car Loan and Mortgage Fund ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the County Government either intends to liquidate the Tana River County Car Loan and Mortgage Scheme Fund or to cease operations, or have no realistic alternative but to do so. 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.

Those charged with governance are responsible for overseeing the Tana River County Car Loan Mortgage Scheme Fund financial reporting process, reviewing the effectiveness of how the entity 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 non-compliance. 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 Tana River County Car Loan and Mortgage Scheme Fund policies and procedures may deteriorate.

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

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

my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

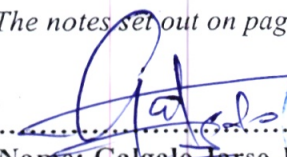
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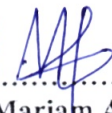
Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	1,200,000	-
Fines, Penalties and Other Levies	3	-	-
		1,200,000	-
Revenue From Exchange Transactions			
Interest Income	4	1,777,220	2,593,049
Other Income	5	-	-
		1,777,200	2,593,049
Total Revenue		2,977,220	2,593,049
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	3,578,440	2,503,420
Depreciation and Amortization Expense	8	28,125	60,838
Finance Costs	9	-	-
Total Expenses		3,606,565	2,564,258
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(629,345)	28,791

(The notes set out on pages 7 to 38 form an integral part of these Financial Statements)


 Name: Galgalo Jarso Jillo
 Administrator of the Fund


 Name: Mariam Abdalla Bunu
 ICPAK Member Number: 20519



Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023


15. Statement of Financial Position As at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	4,770,102	29,881,315
Current Portion of Long- Term Receivables From Exchange Transactions	13	7,815,690	4,557,047
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		-	-
		12,585,792	34,438,362
Non-Current Assets			
Property, Plant and Equipment	17	159,375	187,500
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	107,452,777	47,401,427
Investment Property	19	-	-
Total non- current assets		107,612,152	47,588,927
Total Assets		120,197,944	82,027,289
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	-	-
		120,197,944	82,027,289
Total Liabilities			
Net Assets			

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revolving Fund		116,400,000	77,600,000
Reserves		-	-
Accumulated Surplus		3,797,944	4,427,289
Total Net Assets and Liabilities		120,197,944	82,027,289

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 27/9/2023 and signed by:


 Name: Galgalo Jarso Jillo
 Administrator of the Fund





 Name: Marian Abdalla Bunu
 ICPAK Member Number: 20519

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Changes in Net Assets for the year ended 30th June 2023

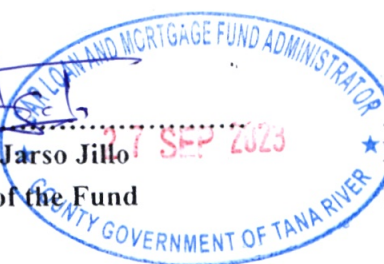
Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	77,600,000	-	4,398,498	81,998,498
Surplus/(Deficit) For the Period	-	-	28,791	28,791
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	77,600,000	-	4,427,289	82,027,289
Balance As At 1 July 2022	77,600,000	-	4,427,289	82,027,289
Surplus/(Deficit) For the Period	-	-	(629,345)	(629,345)
Funds Received During the Year	38,800,000	-	-	38,800,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	116,400,000	-	3,797,944	120,197,944

(Provide details on the nature and purpose of reserves)




Name: Galgalo Jarso Jillo
 Administrator of the Fund

Name: Mariam Abdalla Bunu
 ICPAK Member Number: 20519




Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

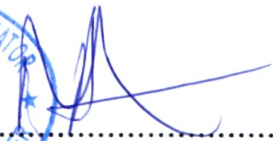
Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		1,200,000	-
Interest received		1,705,619	2,593,049
Receipts from other operating activities		-	-
Total receipts		2,905,619	-
Payments			
Fund administration expenses		3,578,440	2,503,420
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Total Payments		3,578,440	2,503,420
Adjusted for			
Decrease(Increase) in Accounts Receivables			2,116,249
Net cash flows from operating activities	24	(672,821)	(2,205,420)
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		7,706,608	-
Loan disbursements paid out		(70,945,000)	(8,400,000)
Net cash flows used in investing activities		(63,238,392)	(8,400,000)
Cash flows from financing activities			
Proceeds from revolving fund receipts		38,800,000	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		38,800,000	-

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Net increase/(decrease) in cash & cash Equivalents		(25,111,213)	2,205,878
Cash and cash equivalents at 1 July		29,881,315	27,675,437
Cash and cash equivalents at 30 June		4,770,102	29,881,315


 Name: Galgalo Jarso Jillo
 Administrator of the Fund




 Name: Mariam Abdalla Bunu
 ICPAK Member Number: 20519

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement Of Comparison Of Budget And Actual Amounts For the year ended 30 June 2023

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.	40,000,000	-	40,000,000	40,000,000	-	100%
Interest Income	2,593,049	-	2,593,049	1,733,744	859,305	67%
Proceeds from Loan Principal repayments	11,376,070	-	11,376,070	7,706,608	3,669,462	68%
Bank Balance b/d	-	29,881,315	29,881,315	29,881,315	-	100%
Total Income	53,969,119	29,881,315	83,850,434	79,321,667	4,528,767	95%
Expenses						
Fund Administration Expenses	7,600,000	-	7,600,000	3,606,565	3,993,435	47%
General Expenses	-	-	-	-	-	
Loan Disbursements	46,369,119	29,881,315	76,250,434	70,945,000	5,305,434	93%
Total Expenditure	53,969,119	29,881,315	83,850,434	74,551,565	9,298,869	89%
Surplus For the Period	-	-	-	4,770,102	(4,770,102)	0%
Capital expenditure	-	-	-	-	-	

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

19. Notes to the Financial Statements

1. General Information

Tana River County Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from the Tana River County Staff Car Loan and Mortgage Scheme Fund Regulation 2018. The Tana River County Car Loan and Mortgage Scheme Fund is wholly owned by the Tana River County Government and is domiciled in Kenya. The Fund's principal activity is issuance of Car Loan and to County.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

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

Tana River County Car Loan and Mortgage Scheme 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	<p><i>Applicable 1st January 2025</i></p> 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.

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 22 June 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.

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

Depreciation rates have been deemed to be

- i) Buildings - 0,5%
- ii) Motor Vehicle - 10%
- iii) Furniture and Fittings – 12.5%
- iv) Computers and office equipment – 33.33%

The depreciation method used is reducing balance

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.

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 on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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.

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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.

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.

Tana River County Car Loan and Mortgage Scheme 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 -.

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.

Tana River County Car Loan and Mortgage Scheme 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	2022-2023	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	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	1,200,000	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	1,200,000	-

3. Fines, penalties and other levies

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

(Provide brief explanation for this revenue)

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	1,725,488	2,593,049
Interest Income From Car Loans	51,732	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	1,777,220	2,593,049

(Provide brief explanation for this revenue)

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	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	2022-2023	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	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	164,800	153,900
Professional Services Costs	-	632,000
Administration Fees	597,000	452,000
Committee Allowances	2,707,100	1,212,900
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Printing And Stationery	100,000	50,700
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	9,540	1,920
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (Specify)	-	-
Social benefit expenses*		
Total	3,578,440	2,503,420

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

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	28,125	60,838
Intangible Assets	-	-
Total	28,125	60,838

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Description	2022-2023	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	2022-2023	2021-2022
	Kshs	Kshs
Car Loan and Mortgage Account	4,770,102	29,881,315
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	4,770,102	29,881,315

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022-2023	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			
Equity Bank	1210277984993	4,770,102	29,881,315
Bank B		-	-
Sub- Total		4,770,102	29,881,315

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		4,770,102	29,881,315

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	1,405,945	4,557,047
Current Loan Repayments Due	6,409,745	2,593,049
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	7,815,690	7,150,096
Non-Current Receivables		
Long Term Loan Repayments Due	107,452,777	46,876,896
Total Non- Current Receivables	107,452,777	46,876,896
Total Receivables From Exchange Transactions	115,268,467	54,026,992

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	71,601	596,864
Accrued interest receivable from of long-term loans of previous years	1,334,344	2,560,862
Interest receivable from current portion of long-term loans issued in the current year	-	2,593,049
Current loan repayments due		
Current portion of long-term loans from previous years	6,409,745	10,410,469
Accrued principal from long-terms loans from previous periods	25,000,000	47,401,427
Current portion of long-term loans issued in the current year	70,945,000	8,400,000

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

14. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

16. Investments in financial assets

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

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	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 is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

Cost	Land and Buildings	Motor vehicles	Furniture and fittings-12.5%	Computers and office equipment-33.33%	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2021	-	-	300,000	70,000	370,000
Additions	-	-	-	-	-
At 30 th June 2022	-	-	300,000	70,000	370,000
At 1 st July 2022	-	-	300,000	70,000	370,000
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2023	-	-	300,000	70,000	370,000
Depreciation And Impairment					
At 1 st July 2021	-	-	75,000	46,662	121,662
Depreciation	-	-	37,500	23,338	60,838
Impairment	-	-	-	-	-
At 30 th June 2022	-	-	112,500	70,000	182,500
At 1 st July 2022	-	-	112,500	70,000	182,500
Depreciation	-	-	28,125	-	28,125
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30 th June 2023	-	-	140,625	70,000	210,625
Net Book Values					
At 30 th June 2022	-	-	187,500	-	187,500
At 30 th June 2023	-	-	159,375	-	159,375

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2022-2023	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	2022-2023	2021-2022
	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.

Tana River County Car Loan and Mortgage Scheme 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	2022-2023		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	-	-	-	-

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2022-2023	2021-2022
	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	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 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	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(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)

Tana River County Car Loan and Mortgage Scheme 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	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2022-2023	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.

Tana River County Car Loan and Mortgage Scheme 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	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(629,345)	28,791
Adjusted For:		
Depreciation	28,125	60,838
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	(71,601)	2,593,049
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	(476,800)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	2,127,179	2,205,878

(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	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	40,000,000	-
Transfers To Related Parties	40,000,000	-

c) Key management remuneration

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

d) Due from related parties

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

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2023

Other Disclosures Continued

e) Due to related parties

Description	2022-2023	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	2022-2023	2021-2022
	Kshs	Kshs
Court Case - 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	115,268,467	90,196,866	25,071,601	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	4,770,102	4,770,102	-	-
Total	120,038,569	94,966,968	25,071,601	-
At 30 June 2022				
Receivables From Exchange Transactions	51,958,474	26,958,474	25,000,000	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	29,881,315	29,881,315	-	-
Total	81,839,789	56,839,789	25,000,000	-

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

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 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	-	-	-	-

Tana River County Car Loan and Mortgage Scheme 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		
	Kshs	Kshs	Total 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.

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022/2023			
Euro	10%	-	-
USD	10%	-	-
2021/22			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Tana River County Car Loan and Mortgage Scheme 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	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	113,600,000	77,600,000
Accumulated surplus	6,597,944	4,427,289
Total funds	120,197,944	82,027,289
Total borrowings	-	-
Less: cash and bank balances	(4,770,102)	(29,881,315)
Net debt/(excess cash and cash equivalents)	115,427,842	52,145,974
Gearing	96%	64%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Tana River County Car Loan and Mortgage Scheme Fund is a county public fund established by Tana River Staff car loan and mortgage Regulations of 2018 enacted by the county assembly under the ministry of finance. Its ultimate parent is the county Government of Tana River.

31. Currency

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

20. Annexes

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

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

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)
I.Presentation and Disclosure	The financial statements presented for audit did not include progress on follow up of prior year auditor's recommendations contrary to the requirement of financial statements reporting template prescribed by the Public Sector Accounting Standards Board Further, some of the pages do not have page numbers while others are not sequential In addition, the leading information of the template was not completely edited	The management has done corrections on errors, omissions and inconsistencies identified by the auditor in the above findings in the revised financial statements.	Resolved	
1. State ment of Cash Flows	The statement of financial position and note 7 to the financial statements reflects a balance of Kshs.46,876,896 in respect of receivables from exchange transactions. It was noted that the balance decreased by Kshs.7,197,827, that is, from Kshs.54,074,723 reported as at 30 June, 2021 to Kshs.46,876,896 as at 30 June, 2022. It was however noted that the statement of cash flows reflects an increase of Kshs.2,116,219 thus resulting into unexplained variance of Kshs.5,081,608.	The management has done corrections on errors, omissions and inconsistencies identified by the auditor in the above findings in the revised financial statements.	Resolved	

*Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2023*

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)
	Further, the opening balance for use of goods and services was reflected as Kshs.989,377 instead of Kshs.1,050,208.			
3. Statement of Financial Position	The statement of financial position reflects Kshs.47,401,427 as the total non-current receivables from exchange transactions. However, note 7 to the financial statement reflects Kshs.46,876,896 as the balance for long term receivables from exchange transactions resulting into unexplained variance of Kshs.524,531.	The management has done corrections on errors, omissions and inconsistencies identified by the auditor in the above findings in the revised financial statements.	Resolved	
1. Budgetary Control and Performance	The statement of comparative budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.2,593,049 and Kshs.2,503,420 respectively resulting to under absorption of Kshs.89,629 or 3.5% of the budget. No satisfactory explanation was given for the underutilization of the budgeted funds.	Mechanism has been put in place to cater for budget absorption	Resolved	
2. Unresolved Prior Year Matters	In the audit of previous year, several issues were raised. The Management has not resolved the issues or provide reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations	Mechanism has been put in place to address prior audit matters.	Not Resolved	30 June 2024

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2023

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)
	section of the financial statements as required by the Public Sector Accounting Standards Board template			
1.Unsecured Loans	The statement of cash flows reflects loan disbursements paid out of Kshs.8,400,000. However, review of the loan documents provided for audit review revealed that there was no evidence of co-ownership of properties acquired by the beneficiary. This is contrary to the Regulation15 (1(a)(b) of the Tana River County Staff Car Loan and Mortgage Scheme Fund Regulations 2018	Mechanism has been put in place to address the audit issue raised.	Not Resolved	30 June 2024

Guidance Notes:

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

Fund Manager/Accounting Officer

Date.....



Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Annex II: Inter-Fund Confirmation Letter



Tana River County Car Loan and Mortgage Scheme Fund
 P.o.Box 29-70101
 Hole, Kenya



The Tana River County Treasury wishes to confirm the amounts disbursed to you as at 30th June 2023 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 Tana River County Car Loan and Mortgage Scheme Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Tana River County Treasury (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		1,200,000	38,800,000	0	40,000,000	40,000,000	0
Total		1,200,000	38,800,000	0	40,000,000	40,000,000	0

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

Head of Accountants department of beneficiary Fund:

Name Golga J Juma Sign [Signature] Date 27/09/2023



Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Annex III: Reporting of Climate Relevant Expenditures

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

Tana River County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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