

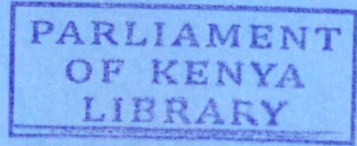
REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

OF



**THE AUDITOR-GENERAL**

ON

**MOMBASA INVESTMENT CORPORATION**

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

PAPERS LAID	
DATE	013/2025
TABLED BY	Dep Mas Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim

OFFICE OF THE AUDITOR GENERAL  
P.O.Box 95202 MOMBASA  
23 DEC 2024  
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MOMBASA REGIONAL OFFICE



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**MOMBASA INVESTMENT CORPORATION**

**County Government of Mombasa**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

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**Mombasa Investment Corporation**

County Government of Mombasa

**Annual Report and Financial Statements for the year ended June 30, 2024.**

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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

AGPO	Access to Government Procurement Opportunities
CEO	Chief Executive Officer
CECM	County Executive Committee Member
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
CT	County Treasury
CIDP	County Integrated Development Plan
CA	County Assembly
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PPPs	Public Private Partnerships
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
WB	World Bank
MIC	Mombasa Investment Corporation
TA	Transaction Advisor
CGTRH	Coast General Teaching & Referral Hospital

**B: Definition of Key Terms**

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

**Comparative Year-** Means the prior period.

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

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

The Mombasa Investment Corporation was established by an Act of the County Assembly of Mombasa (the Mombasa County Investment Corporation Act, 2019). At cabinet (County Executive Committee) level, the entity is represented by the County Executive Committee Member for Finance and Economic planning who is responsible for the general policy of the institution. The Mombasa Investment Corporation is domiciled in Mombasa, Kenya.

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

The principal activity of the Mombasa Investment Corporation is to be a world- class investment hub through strategic and sustainable partnership and interventions. Our mission is to provide a conducive environment for innovative investment in Mombasa urbanization and regenerative transformation by acting as a catalyst for economic growth and development in the County. Our core objectives are to:

1. Provide efficient and effective service delivery.
2. Promote professionalism in service delivery.
3. Promote prudent utilization of resources.
4. Capacity strengthening on research and innovation for various stakeholders.
5. Spearhead Public Private Partnership projects
6. Engagement with research and innovation institutions, hub and practitioners
7. Promote innovative programs and activities.
8. Focal point for all investment-related activities and partnerships
9. Create market linkages and networks in priority sectors for a competitive and attractive environment for investors.
10. Mapping of investment actors.

### **Key Management**

The MIC's day-to-day management is under the following key organs:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Board of Directors	Peter Njonjo, Ahmed Farah, Dennis Muganga, Charles Ndegwa, Fiona Malonza, Jimmy Waliaula, Ayub

**Annual Report and Financial Statements for the year ended June 30, 2024.**

No.	Designation	Name
		Buhiri
2.	Accounting officer/ MD/ etc	Sahale Bawazir

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Sahale Bawazir
2.	Head of Finance	Gloria Naitore
3.	Head of Procurement	Omar Abdallah

**(d) Fiduciary Oversight Arrangements**

**Human Resource Governance Committee**

The Human Resource and Governance Committee (the “Committee”) of the Board (the “Board”) of Mombasa Investment Corporation (the “Corporation”) shall discharge the responsibilities of the Board with respect to oversight of the following:

- 1.1 Recommending recruitment of strong and capable candidates to be staff of the Corporation;
- 1.2 Making recommendations as to the structure, operations, performance and effectiveness of the staff of the Corporation;
- 1.3 Recommending remuneration of staff of the Corporation;
- 1.4 Overseeing the CEO's succession planning process;
- 1.5 Conducting an annual review of the CEO and Senior Management team;
- 1.6 Leading the Board in the annual review of its performance as well as the performance of the various Board committees;
- 1.7 Reviewing and monitoring the Corporation’s Human Resources Management strategy to determine whether the Human Resource plans and initiatives will enable the Corporation to achieve its strategic objectives;
- 1.8 Reviewing and when appropriate, recommending to the Board the Corporation’s Human Resources policies as well as make recommendations to the Board regarding incentive-compensation plans;
- 1.9 Developing and recommending to the Board a set of corporate governance principles; and
- 1.10 Taking a leadership role in shaping the corporate governance of the Company through ensuring proper policies, plans etc. are in place and implemented.

2. Composition

- 2.1 The Committee shall comprise of four Board members.
- 2.2 The members of the Committee shall be appointed by the Board and may be replaced by the Board in accordance with the Board Charter.
- 2.3 The Chairperson of the Committee shall be appointed by the Board.
- 2.4 The Chairperson shall chair all sessions of the Committee and set the agenda for the Committee meetings in liaison with the Committee members.
- 2.5 In the absence of the Chairperson, the Committee members present shall elect the Chairperson for that particular meeting and the decisions shall be deemed to be as that of the Chairperson.

**Annual Report and Financial Statements for the year ended June 30, 2024.**

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2.6 Voting by the Committee shall be on the basis of a majority vote. In the event of a deadlock, the matter shall be referred to the Board.

2.7 The Committee may form and delegate authority to sub committees consisting of one or more members when appropriate.

3. Committee Meetings

3.1 The Committee may meet as frequently as circumstances dictate.

3.2 The quorum for meetings of the Committee shall be three members.

3.3 Every Committee member has a duty to attend Committee meetings regularly and to effectively participate in the conduct of the business of the Board.

3.4 Meetings of the Committee may be held in person or by such permissible electronic means.

3.5 The Committee may invite to its meetings any Board member, personnel of the Corporation or any third party, as it deems appropriate in order to carry out its responsibilities.

4. Other Responsibilities and Duties

4.1. The Committee may carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions.

4.2. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time.

4.3 The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that it deems appropriate in relation to carrying out its function.

5. Performance of the committee

5.1 The Committee shall perform a self-assessment at least once a year and agree on actions to improve its effectiveness.

5.2 When necessary, training will be arranged for existing and any new members introduced to the Committee. This will be arranged through the Chairperson of the Committee.

6. Review of the terms of reference

6.1 These Terms of Reference shall be subject to review by the Board every two years or at any other time as is deemed necessary.

**Annual Report and Financial Statements for the year ended June 30, 2024.**

6.2 Any proposed changes to these Terms of Reference shall be submitted to the Board for approval.

**Audit Committee**

The Audit Committee (the “Committee”) of the Board (the “Board”) of Mombasa Investment Corporation (the “Corporation”) shall discharge the responsibilities of the Board with respect to oversight of the following:

- 1.1 Obtain assurance from management that all financial and non-financial internal controls are operating effectively and reliably.
- 1.2 Provide an independent review of the reporting functions of the Corporation to ensure the integrity of financial reports;
- 1.3 Monitor the effectiveness of the performance management and performance information of the Corporation;
- 1.4 Provide strong and effective oversight of the internal audit function of the Corporation;
- 1.5 Provide effective liaison and facilitate communication between management and external auditors;
- 1.6 Provide oversight of the implementation of accepted audit recommendations; and
- 1.7 Ensure the Corporation effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behavior.

2. Composition

- 2.1 The Committee shall comprise of four Board members.
- 2.2 The members of the Committee shall be appointed by the Board and may be replaced by the Board in accordance with the Board Charter.
- 2.3 The Chairperson of the Committee shall be appointed by the Board.
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**Finance Committee**

The Finance Committee (the “Committee”) of the Board (the “Board”) of Mombasa Investment Corporation (the “Corporation”) shall discharge the responsibilities of the Board with respect to oversight of the following:

- 1.1 Establish and from time to time review the Finance and Planning Strategies of the Corporation;
- 1.2 Establish and review overall budgeting and budgetary control plans of the Corporation;
- 1.3 From time to time, develop financial and investment policies and procedures in line with international best practices, international financial reporting standards, and in accordance with any other applicable laws of Kenya;
- 1.4 Review the investment performance of the Corporation;
- 1.5 Review the annual procurement and asset disposal plan of the Corporation; and
- 1.6 Ensure that at all times, there are adequate system of internal controls, management and financial reporting.

2. Composition

- 2.1 The Committee shall comprise of four Board members.
- 2.2 The members of the Committee shall be appointed by the Board and may be replaced by the Board in accordance with the Board Charter.
- 2.3 The Chairperson of the Committee shall be appointed by the Board.
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**Annual Report and Financial Statements for the year ended June 30, 2024.**

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**Risk and Compliance Committee**

The Risk and Compliance Committee (the “Committee”) of the Board (the “Board”) of Mombasa Investment Corporation (the “Corporation”) shall discharge the responsibilities of the Board with respect to oversight of the following:

1.1 Establish appropriate methods for measuring risk appetite and positions;

**Annual Report and Financial Statements for the year ended June 30, 2024.**

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- 1.2 Ensure key risks are identified and monitored and steps are taken by management to mitigate them;
- 1.3 Consider all significant matters relating to governance, control, regulatory and compliance issues and any other applicable rules and legislation;
- 1.4 Ensure the risk framework of the Corporation is up to standard and continuously refined to meet the evolving needs of the Corporation and the relevant laws and Regulations;
- 1.5 Ensure that there is a budget for key risk exposures, both to ensure regulatory compliance and the achievement of the strategic objectives of the Corporation;
- 1.6 Ensure the current and proposed activities of the Corporation are reviewed against its risk appetite and capital budget;
- 1.7 Establish corruption prevention and whistle blowing policies and procedures which minimize potential for corruption and financial impropriety; and
- 1.8 Ensure the compliance policies, procedures, programmes, and controls of the Corporation are appropriate and effective.

2. Composition

- 2.1 The Committee shall comprise of four Board members.
- 2.2 The members of the Committee shall be appointed by the Board and may be replaced by the Board in accordance with the Board Charter.
- 2.3 The Chairperson of the Committee shall be appointed by the Board.
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**Annual Report and Financial Statements for the year ended June 30, 2024.**

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6.2 Any proposed changes to these Terms of Reference shall be submitted to the Board for approval.

**(e) Corporate Headquarters**

P.O. Box 34505-80118

Mombasa Investment Corporation (MIC)

Links Road, Nyali

Mombasa, Kenya

**(f) Corporate Contacts**

Telephone: (254) 717 775 103

E-mail: info@mic.co.ke

Website: www.invest.mombasa.go.ke

**(g) Corporate Bankers**

1. Sidian Bank

Moi Avenue

P.O. Box 95615-80106

Mombasa, Kenya

2. Equity Bank

Moi Avenue

P. O. Box 84618-80100

Mombasa, Kenya

**(h) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(i) Principal Legal Advisers**

The County Attorney

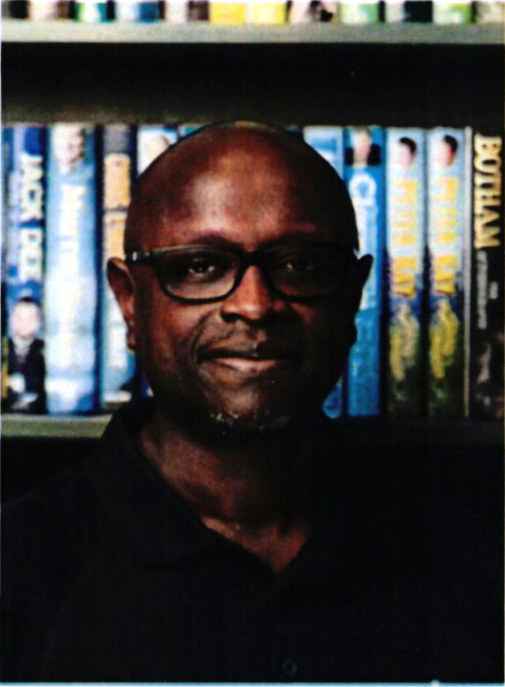

County Government of Mombasa

Bima Towers 6<sup>th</sup> Floor

P.O. Box 84569 – 80100

Mombasa, Kenya

**3. The Board of Directors**

Directors	Details
 <p data-bbox="215 1189 726 1258">Peter Njonjo-Chairperson, Mombasa Investment Corporation (MIC) Board</p>	<p data-bbox="751 463 1401 555">Peter Njonjo is Co-Founder and Group CEO of Twiga Foods, a B2B e-commerce company that focuses on food and grocery in the informal retail.</p> <p data-bbox="751 591 1401 992">Prior to taking up his current role, Peter spent 21 years with The Coca-Cola Company with his last role being President of the West and Central Africa Business Unit, made up of 33 countries, based in Lagos, Nigeria. He was President of the American Chamber of Commerce in Kenya, a Director of the American Business Council in Nigeria and has been voted among the top 100 young leaders in Africa by Forbes Afrique and "Top 40 under 40" by The Business Daily in Kenya. He currently serves on the Global Board of Junior Achievement and on the Executive Committee of the YPO Chapter in Nairobi. Mr. Njonjo was also appointed as the Chairperson to Mombasa Investment Corporation Board on 21<sup>st</sup> June, 2023.</p> <p data-bbox="751 1028 1401 1211">Peter Njonjo holds a Master of Business Administration in Strategic Management, a Bachelor of Science degree in International Business Administration from United States International University in Kenya and an Executive Leadership Program from Harvard Business School. Njonjo is also a Certified Public Accountant.</p>
 <p data-bbox="215 1588 726 1617">Ahmed Farah, HSC- MIC Board Member</p>	<p data-bbox="751 1272 1401 1323">Ahmed Farah is the County Director, Kenya at TradeMark Africa.</p> <p data-bbox="751 1330 1401 1411">He is also a member at Mombasa Investment Corporation Board and a member in the MIC Finance Committee and Risk and Compliance Committee</p> <p data-bbox="751 1447 1401 1554">Prior to taking up his current role, Farah worked as an Economic Advisor in the County Government of Mombasa, worked as a Director in Deloitte &amp; Touche, East Africa for 2 years and spent 10 years with PriceWaterhouseCoopers as a Manager.</p> <p data-bbox="751 1588 1401 1805">Farah has as a Master of Arts in International Development, Poverty, Conflict and Reconstruction from The University of Manchester and a Bachelor's degree in Commerce and Accounting from Kenyatta University. He is a Certified Public Accountant of Kenya, CPA (K) a Certified Internal Auditor (CIA) and conferred with Head of State Commendation (HSC) Honors.</p>

**Annual Report and Financial Statements for the year ended June 30, 2024.**



Denis Lewa Muganga- MIC Board  
Member

Denis Lewa Muganga is a career Economist with a wealth of experience in areas of Blue Economy; Economic Policy Analysis; Public Private Partnerships (PPPs); Project Management; Long Term Planning, Feasibility Studies Development; Private Sector Development; Regulatory Reform Implementation, including Investment Climate Reforms. He has spearheaded Performance Contracting; Special Economic Zones (SEZ) Policy Design, Regulation, Development and Operations; Knowledge Management & Innovation; as well as Monitoring, Evaluation and Reporting and Risk and Management for Projects.

He holds an Economics Degree from Kenyatta University, Master of Science Degree in Economics (Excellent Cum Laude) from The State University of Bergamo, Italy. Master of Philosophy in Development Policy and Practice from the University of Cape Town, South Africa<sup>1</sup> (ongoing) and is currently a Doctorate of Philosophy (PhD) candidate, in Applied Economics, from the Vrije Universiteit Brussel (VUB), Belgium. He also holds several Professional Qualifications including; the Public Leadership Credential from Harvard; Public Policy Analysis from Strathmore; Ports Management & Administration from JICA Training Center, Yohokama, Japan; Project Management and Monitoring & Evaluation, from the Duke University, USA.

Apart from being a Director at MIC and Chair of the HR Committee, Denis is a Director at Jumuiya ya Kaunti za Pwani (JKP) Regional Economic Bloc. He has worked in several national, regional and international organizations including; Citi Bank; Danish International Development Agency (DANIDA); National Treasury, as Senior Economic Policy Analyst, Kenya Ports Authority (KPA), as Principal Economist, the International Finance Corporation (IFC), World Bank Group - as Senior Technical Specialist for SEZs in Kenya, County Government of Mombasa as County Secretary, and is now at the Northern Corridor Transit and Transport Coordination Authority, as Director, Private Sector Investment Promotion and Public Private Partnerships (PPPs).



Charles Ndegwa is the Managing Director at Winstar Security Group Kenya.

He holds a Bachelors degree in International Business Administration, Finance option from United States International University in Kenya, Owner Manager Program Diploma from Strathmore Business School, he has done a Leadership & Management Course at Lagos Business School and holds a Level 6 Diploma in Security Management Professional from International Security Management Institute.


He is a member at Mombasa Investment Corporation Board and also Chairs the MIC Audit Committee and is a member for MIC HR and Governance Committee.

**Annual Report and Financial Statements for the year ended June 30, 2024.**

<p>Charles Ndegwa- MD Winstar Security Group Kenya, MIC Board Member</p>	
 <p>Fiona Malonza - MBA, LLB, CHRP, CHRA, GRC, CPM(MTI)- MIC Board Member</p>	<p>Fiona is the Consultant of Soari Associates, a firm specializing in governance matters and commercial legal consultancies.</p> <p>Prior to this, Fiona held several senior roles at Old Mutual Group (representing Kenya, Uganda, Tanzania, South Sudan, Rwanda), Genghis Capital, Nairobi Securities Exchange, Kenya Industrial Estate. She represented the Capital Markets and Pension markets on the National Risk Assessment Taskforce on Money Laundering, prepared several regulations in the Nairobi Securities exchange.</p> <p>Fiona is a Governance, Legal, Risk and Compliance expert with over 15 years of experience. She is an expert in capital markets, ESG integration and reporting, and corporate commercial law; gained from private law practice and from the Financial Services industry.</p> <p>Fiona holds a Master of Business Administration, Strategic Management from Kenyatta University and a Bachelor of Laws Degree (LL. B) from University of Nairobi as well as a certificate in Securities and Investment from the Securities and Investment Institute (London). . She is an Advocate of the High Court of Kenya, a certified company secretary, a certified Human Resource practitioner, Certified Human Resource Auditor and a Certified Professional Mediator.</p> <p>She is a member of several boards. She is a Board Member at Mombasa Investment Corporation (MIC) and sits in MIC Audit Committee and Chairs the MIC Risk &amp; Compliance Committee</p>
 <p>Jimmy Waliula- County Attorney, MIC Board Member</p>	<p>Jimmy is a skilled Attorney on Civil and Commercial law with over 13 years of experience working as an Associate, Partner and rising through to Principal Legal Counsel-County Assembly of Mombasa, Director- Legal Services and Acting County Attorney for County Government of Mombasa.</p> <p>He has a Bachelor of Laws Degree (LLB Hons) from Dr Bhimrao Ambedkar University – India and a Diploma from Kenya School of Law - Nairobi, Kenya and Admission to the Roll of Advocates The High Court of Kenya - Nairobi, Kenya</p>

*Mombasa Investment Corporation  
County Government*

**Annual Report and Financial Statements for the year ended June 30, 2024.**

<p>Ayub Buhiri Ridhiwani Representative of CCO-Finance &amp; Investment</p>	<p>Mr. Ayub Buhiri is the current Ag. Head of Treasury in the County Government of Mombasa. Mr. Ayub has over 10 years experience in the public sector and is representing the Office of the County Chief Officer Finance &amp; Investments.</p>
 <p>Sahale Bawazir-MD, MIC Board Secretariat</p>	<p>Ms. Sahale Bawazir is the C.E.O &amp; Managing Director of Mombasa Investment Corporation (MIC), Mombasa County. In the MIC Board, she sits as a member and a secretary in the Board Committees.</p> <p>Prior to taking this role, she has worked in the United Nations, Investment Banking in private sector and headed the policy and partnerships unit in public sector for over 10 years.</p> <p>Sahale has an MBA in Strategic Management from Kenyatta University, a Bsc. In International Business Administration-Finance from USIU- Africa and certifications in various business and leadership courses from Harvard University and University of Witwatersrand Johannesburg.</p>

**4. Key Management Team**

<b>Management</b>	<b>Details</b>
 <p>Sahale Bawazir-MD</p>	<p>Ms. Sahale Bawazir is the C.E.O &amp; Managing Director of Mombasa Investment Corporation (MIC), Mombasa County. In the MIC Board, she sits as a member and a secretary in the Board Committees.</p> <p>Prior to taking this role, she has worked in the United Nations, Investment Banking in private sector and headed the policy and partnerships unit in public sector for over 10 years.</p> <p>Sahale has an MBA in Strategic Management from Kenyatta University, a Bsc. In International Business Administration-Finance from USIU- Africa and certifications in various business and leadership courses from Harvard University and University of Witwatersrand Johannesburg.</p>
<p><i>Note: The CEO and the Entity Secretary will feature both under the 'Board' and 'Management'.</i></p>	

## 5. Chairman's Statement



On behalf of the Board, it is my pleasure to present the Annual Financial Report for the Financial Year 2023-2024. This comprehensive document outlines **the Corporation's financial performance**. The Corporation continues to focus on the sectors that have significant impact on the people of Mombasa County, while fostering innovation and growth. **The Corporation's greatest asset is its talented and professional employees who are key in MIC's success.**

The annual financial statement marks a pivotal moment in MIC's history. It reflects our commitment to driving sustainable economic growth, enhancing the investment climate, and ensuring that Mombasa becomes a leading hub for business and innovation in the region. This statement is the result of extensive consultations, analysis, and collaborative efforts from various stakeholders, including our dedicated staff and partners.

The Annual Financial Statement is anchored on several core pillars: promoting investment in key sectors such as logistics, manufacturing, the blue economy, tourism, infrastructure; building robust partnerships and networks; and encouraging a culture of innovation and entrepreneurship. We believe these areas are critical for driving economic prosperity and creating job opportunities.

I extend my heartfelt gratitude to all members of MIC who contributed to the development of this Annual Financial Statement.

Let us move forward together towards a prosperous and dynamic future.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Njonjo".

PETER NJONJO  
CHAIRPERSON  
MOMBASA INVESTMENT CORPORATION

**6. Report of the Managing Director**



I am glad to present to you Mombasa Investment Corporation's (MIC) Annual Financial Statement for the year 2023-2024, In developing this Annual Financial Statement, we took a comprehensive approach that emphasized innovation, resilience, and sustainability. We understand the value of agility in navigating changing market conditions and capitalizing on emerging trends. As such, this Annual Financial Statement symbolizes our dedication to constant learning, improvement, and adaptability to change.

Crucially, the successful implementation of this Annual Financial Statement depends on good collaboration and partnership across sectors and stakeholders. We value the contributions of our partners, investors, and the larger community, and we remain committed to creating mutually beneficial relationships based on accountability, transparency, and common goals. As we embark on this transformative path, I am optimistic that we will realize MIC's full potential as a catalyst for long term development and prosperity in Mombasa County. We can overcome problems, grasp opportunities, and map a path to a brighter future for generations to come.

I welcome you to join us on this journey as we try to make Mombasa County a beacon of progress.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sahale Bawazir'.

SAHALE BAWAZIR  
MANAGING DIRECTOR



**Annual Report and Financial Statements for the year ended June 30, 2024.**

				Public Service Board
Strategic Objective 2:	To enhance Mombasa County's investment climate through targeted promotion, attraction, and retention strategies to secure a diverse range of high-value local and international investors	Attracting investment	Enhance a collaborative environment to leverage collaboration between County Government of Mombasa, National Government, MIC and the private sector in attracting investment.	92%
Strategic Objective 3:	To establish Mombasa as a leading investment destination through strategic branding and marketing	Marketing and Branding	<ul style="list-style-type: none"> <li>- Develop promotion materials.</li> <li>- Expand non-traditional marketing approaches, especially digital.</li> </ul> <hr/> A long-term investment promotion strategy	85% This can be improved once we have a marketing officer <hr/> 100%

**Annual Report and Financial Statements for the year ended June 30, 2024.**

<p>Strategic Objective 4:</p>	<p>To enhance employment opportunities in Mombasa County through targeted investment activities</p>	<p>Job Creation</p>	<p>- Target high-impact sectors.  Providing linkages between investors and existing business.</p>	<p>83%  Necessary foundation by the Board has been initiated and SEZ project is underway. However, data is required to measure this  90%</p>
<p>Strategic Objective 5:</p>	<p>To implement a data ecosystem to improve timeliness and accessibility of investment data for MIC stakeholders</p>	<p>Investment data management</p>	<p>Maintaining an investment pipeline and investor/partnership database.</p>	<p>90%</p>

## **8. Corporate Governance Statement**

The principal role of the Board is to formulate and oversee the implementation of the Corporation's strategic objectives, corporate governance and corporate values to achieve the Corporation's mission and vision. In carrying out its duties, the Board puts its efforts towards contributing effectively and efficiently to the County's development agenda, as outlined in Kenya Vision 2030, Mombasa Vision 2035, the Big Four Agenda, and the Mombasa County Integrated Development Plan.

The MIC Act of 2019 (Act) formally established the MIC with the mandate to position Mombasa County as a premier investment destination in the coastal region. The Act establishes a comprehensive legal and institutional framework for county investments in Mombasa County. It also established an efficient and effective mechanism for managing investments, boosting their competitiveness, and promoting socio-economic development. MIC works in close collaboration with various stakeholders, including national and County government departments, local businesses, and international investors, to create a conducive environment for sustainable economic development.

The governance of the Corporation vests in the Board of Directors and their roles are stipulated in the Mombasa Investment Corporation Act. The governance task faced by the Board is two-fold, that is decision-making and oversight.

- a. The decision-making function is exercised with respect to the formulation with the Management, of fundamental policies strategic plans and strategic goals and through the approval of significant actions.
- b. The oversight function concerns the review of Management decisions, the adequacy of systems, controls and the implementation of policies.

The Board has set up four Committees to assist it in carrying out its role as prescribed in the 'MWONGOZO' code and the MIC Board Charter. The remuneration of Board members is stipulated by the salaries and remuneration commission (SRC). In the financial year 23/24, the board had six board meetings with a quorum, the attendance has been more than 50%.

The quorum for Board and committee meetings is more than one half including the Chairperson of the Board. The Committees of the Board operate under specified Terms of Reference (TORs) as set out in specific Committee Charters approved by the Board. The four committees are:

*Mombasa Investment Corporation*  
*County Government*

**Annual Report and Financial Statements for the year ended June 30, 2024.**

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- Audit Committee
- HR & Governance Committee
- Risk & Compliance Committee
- Finance Committee

The Board has appointed Management to implement its decisions and to carry out the day-to-day operations of the Corporation.

## **9. Management Discussion and Analysis**

In line with the Mombasa County Investment Corporation Act of 2019, MIC by design operates as a centralized County Government corporation that provides investors with a single point of contact for investment-related services and support. The OSS (One Stop Shop) is designed to streamline and simplify the investment process, making it easier for domestic and foreign investors to do business in the County.

The Port City of Mombasa is a leading tourist destination and home to Kenya's largest port. With a population of approximately 1.2 million people (according to Kenya National Bureau of Statistics, 2019 Population and Housing Census), an urban area of 229.9km<sup>2</sup> and a water mass of 65km<sup>2</sup>, the coastal City's overall economic performance has been underwhelming compared to port cities such as Cape Town and Durban. The two contribute 9.6% and 15.9%, respectively, to South Africa's overall GDP while accounting for 11.1% and 13% of overall formal employment levels in the country.

On average, between 2013 and 2020, Mombasa County contributed 5% to Kenya's GDP. This put the County in third position behind Nairobi and Kiambu, which contributed 22% and 6% respectively between 2013 and 2020. The County was in second position behind Nairobi in its contribution to manufacturing, construction and services. The County contributed approximately 0.1% to overall agriculture, forestry and fishing activities lagging all other counties during the same period (Source: KNBS GCP 2021 Report).

The County hopes to vitalize potential sectors through the special economic zones (SEZ), including packaging, warehousing, automotive assembly, export processing and brokerage services. A targeted investor approach and improvement in infrastructure in both economic zones and the County, in general, would push the County's overall contribution to national GDP by at least ten percentage points to 15% in the medium term. Value addition in agriculture, more so the tea subsector, would catapult the County's contribution to agriculture, forestry, and fishing sector to between 8% and 10% in the medium term. The investment opportunities highlighted above offer the County Government of Mombasa the opportunity to tackle youth unemployment, which currently stands at 44%, and could generate between 5,000 and 10,000 jobs annually (Source: Kuza Research).

*Mombasa Investment Corporation*  
*County Government*

**Annual Report and Financial Statements for the year ended June 30, 2024.**

The table below illustrates the potential gains Mombasa County can reap from having a targeted investment promotion program through Mombasa Investment Corporation.

Metric	Baseline Data [KNBS Gross County Product (2021) report	2030/2037 Projections [KNBS Gross County Product (2021) report
GCP Per Capita (Ksh.), 2019	Mombasa County was second behind Nairobi at 370,000	Mombasa County could improve its range between 650,000 to 800,000
Own Revenue Collection	KES 4.9 billion (FY 2021/22)	Average KES 8.4 billion over 5 years
Average County Contribution to GDP (%) 2013 -2020	5% behind Nairobi and Kiambu, which contributed approximately 22% and 6%, respectively	12% cementing its position as the leading County in the Coast region
Average Contribution to Agriculture, Forestry and Fishing Activities, 2013-2020	Mombasa County contributed the least at approximately 0.1%, lagging behind all other counties	Investment in the blue economy could propel the County to contribute at least 5%
Average County Contribution to Manufacturing Activities, 2013-2020	Mombasa County was second behind Nairobi at 10%	Average between 15% and 25% closing the gap on Nairobi County
County Contribution to Other Industry and Construction Activities, Average 2013-2020	Mombasa County was fourth at approximately 7% behind Nairobi, Kiambu and Nakuru which were at about 30%, 10% and 8%, respectively	Average between 13% and 20%, moving to second position behind Nairobi County
County Contribution to Service Activities excluding FISIM (%), Average (2013-2020)	Mombasa County was second behind Nairobi at 6%	The range between 12% and 15% closing the gap in Nairobi County

Following a cabinet resolution from the Executive of the Mombasa County Government, the following transformational projects will be spearheaded by MIC:

Project Name	Location	Objectives	Description of Key Activities	Key Output (s)	Estimated Cost – KES
Mombasa Industrial Park SEZ	Jomvu Subcounty	To spur economic activities	(i) Provide horizontal infrastructure for the industrial park. (ii) Advocate for SEZ status of the industrial park. (iii) Facilitate ease of doing business	Increased income opportunities	1B

**Annual Report and Financial Statements for the year ended June 30, 2024.**

Project Name	Location	Objectives	Description of Key Activities	Key Output (s)	Estimated Cost – KES
Bus Rapid Transit	All Sub counties	To decongest the traffic in the county	(i) Provide a legal framework for the BRT to be effective. (ii) Collaborate with the National Government to facilitate citizen engagement.	Reduced travel time	TBC
Water Transport	All Sub counties	To decongest the traffic in the county	(iii) Collaborate with National Government for the PPP with relevant development partners. (iv) Provide a legal framework for the water to be effective. (v) Collaborate with the National Government to facilitate citizen engagement.	Identified landing sites	TBC
Solid Waste Management	All Sub counties	To enhance the waste collection in every sub-county	(i) Collection, processing, recycling and disposal of waste within the county. (ii) Provide a legal framework for solid waste management to be effective.	Controlled waste management	2B
Marshalling Yard	Jomvu Subcounty	To decongest the traffic in the county	(i) Providing parking for trucks. (ii) Providing a key management system. (iii) Providing ancillary facilities.	Streamlined transport around the port	1B
MICE (Meetings, Incentives, Conference & Exhibitions)	Nyali Subcounty	To increase the number of tourism arrivals in the county	Provide ultramodern conference facilities.	Mombasa is a conference Tourism destination of choice	500M
Street Lighting	All Sub counties	Improved security in the county	Supply, install and maintain streetlights	Increased and functional streetlights	100M

*Mombasa Investment Corporation  
County Government*

**Annual Report and Financial Statements for the year ended June 30, 2024.**

Project Name	Location	Objectives	Description of Key Activities	Key Output (s)	Estimated Cost – KES
Non-Revenue Water Solution (NRW)	All Sub counties	Ensure sustainable and affordable access to water for the entire Mombasa County	(i) Identify leakages (ii) Construction of water supply networks (iii) Adoption of technologies to reduce non-revenue water	Increase in water supply in the county	10B
Leasing of Medical Equipment	All Sub counties	Improve healthcare in the County	Leasing of Medical equipment for the County hospitals	Improved healthcare in the County	TBC
Bus Terminal	Kisauni Subcounty	To ensure orderly public transport and an efficient transport system	(i) Construction of bus terminal points (ii) Construction of stalls for shops	Efficient transport system	TBC
Modern markets and Multi-storey parking		To spur economic activities	(i) Upgrading of markets (ii) Construction of multi-storey parking	Increased income opportunities	TBC
Private wing at CGTRH	Mvita Subcounty	Improve healthcare in the County	(i) Construction of private hospital wing (ii) Well-equipped private hospital wing	Improved healthcare in the County	TBC
Intelligent transportation system (ITS) – Traffic Systems	All Sub counties	To ensure an orderly and efficient transport system	(i) Installation of ITS for-traffic management (ii) Improvement of infrastructure	Efficient transport system	TBC

As a developing institution, MIC has several challenges that could affect its ability to deliver on its mandate. Some of these include:

1. Limited resources: Currently, MIC operates on a limited budget and may not have the resources to promote investment opportunities or support investors effectively.
2. Lack of expertise: Now, MIC does not have sufficient in-house expertise in specific sectors or industries, which might limit its ability to attract FDI in those areas.
3. Limited access to information: Now, MIC does not have access to the latest data and information on investment opportunities and may be unable to provide investors with up-to-date information.
4. Lack of coordination: Currently, there is no coordinated mechanism with other government agencies or stakeholders, which might hinder their ability to promote investment opportunities effectively.

**Annual Report and Financial Statements for the year ended June 30, 2024.**

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5. Poor marketing and branding: Now, MIC does not have strong marketing and branding capacity, making it difficult for them to promote investment opportunities effectively.
6. Limited outreach: Currently, MIC has limited outreach and may not effectively reach potential investors in key markets.
7. Lack of key automated operation systems: At the moment, MIC does not have an automated accounting, procurement and HR systems to enable it to operate effectively and heavily relies on manual operations and assistance of Departments in the executive arm of the County.
8. Lack of adequate staff: Currently, MIC works with seconded staff that are still working in County Departments. This delays operations and negatively impacts on efficiency.

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

The strategic model for the MIC is designed to achieve sustainable economic growth and development in Mombasa County. By aligning our resources and efforts with the strategic goals, MIC will be able to effectively manage and promote investments, driving socio-economic transformation and positioning Mombasa as a premier investment destination. The model emphasizes a holistic approach, ensuring that all initiatives are interlinked and support the overarching mission and vision of MIC.

According to the PESTELE for MIC, Mombasa's strategic geographic location attract businesses, facilitate trade, and provide logistical advantages. The port's presence offers significant investment opportunities, boosting trade and economic activities.

However, climate change impacts like rising sea levels and flooding damage infrastructure, disrupt operations, and increase costs. Limited land availability constrain large-scale investment projects and limit growth opportunities.

The MIC 10-year Strategic plan incorporates insights from environmental analyses, including PESTELE and SWOT analyses, to ensure a thorough understanding of the internal and external factors influencing MIC's operations and projects. By integrating stakeholder perspectives and evidence-based analyses, MIC has a robust framework for guiding MIC's strategic direction over the next decade that includes environmental and sustainable reporting.

## **11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Mombasa Investment Corporation's affairs.

### **i) Principal activities**

The principal activities of the entity are set up on page iii.

### **ii) Results**

The Corporation was operationalized in the financial year 2023/2024. The summary of the Corporation's financials is set out on page 1 to 8.

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page vii and xi.

*Mombasa Investment Corporation  
County Government*

**Annual Report and Financial Statements for the year ended June 30, 2024.**


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During the year 2023-2024 no director retired or resigned date.

**iv) Auditors**

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

By Order of the Board

  
.....

**Name: Ms. Sahale Bawazir**

**Secretary to the Board**

## **12. Statement of Directors Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and section 19 of the Mombasa County Investment Corporation Act of 2019 require the Directors to prepare financial statements in respect of that MIC, which give a true and fair view of the state of affairs of the MIC at the end of the financial year ended June 30, 2024 and the operating results of the Entity for that year.

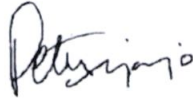
This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (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 MIC; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the MIC'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 Mombasa County Investment Corporation Act of 2019. The Directors are of the opinion that the MIC's financial statements give a true and fair view of the state of MIC's transactions during the financial year ended June 30, 2024, and of the MIC's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the MIC, which have been relied upon in the preparation of the MIC's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the MIC 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 MIC's financial statements were approved by the Board on \_\_\_\_\_ 20/12/2024 \_\_\_\_\_ and signed on its behalf by:



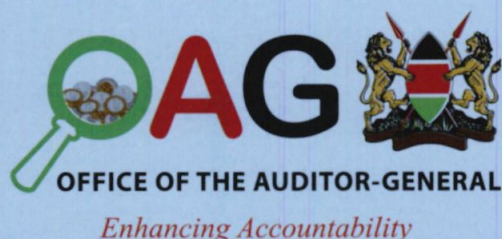
.....  
**Name: Mr. Peter Njonjo**  
**Chairperson of the Board**



.....  
**Name: Ms. Sahale Bawazir**  
**Accounting Officer**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON MOMBASA INVESTMENT CORPORATION FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

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*Report of the Auditor-General on Mombasa Investment Corporation for the year Ended 30 June, 2024*

## REPORT ON THE FINANCIAL STATEMENTS

### **Qualified Opinion**

I have audited the accompanying financial statements of Mombasa Investment Corporation set out on pages 1 to 65, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statements of changes in net assets, statement of cashflows and the statements of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mombasa Investment Corporation as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Mombasa County Investment Corporation Act, 2019 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unexplained Variance on Transfers from the County Executive**

The statement of financial performance and Note 5 to the financial statements reflects transfers from the County Executive of Kshs.22,000,000. However, the financial statements of the County Government of Mombasa under other grants and transfers reflect transfers to the Corporation of Kshs.25,000,000. The variance of Kshs.3,000,000 was not explained or reconciled.

In the circumstances, the accuracy and completeness of the transfers from the County Executive of Kshs.22,000,000 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Information**

Management is responsible for the other information set out on page iii to xxxiv which comprise of Key Entity Information and Management, Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements**

The Management submitted the financial statement for the year under review to the Auditor-General on 7 October, 2024, one (1) week after the due date. This is contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements be

submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

## **2. Failure to Develop Regulations to Operationalize the Corporation**

Review of legal documents revealed that Management had not developed regulations to operationalise the Mombasa Investment Corporation Act, 2019 and submitted to the County Assembly for adoption and approval. This is contrary to Section 116 of the Public Finance Management Act, 2012 which provides that a County Executive Committee Member for Finance may establish other public funds with the approval of the County Executive Committee and the County Assembly and Regulations may provide for the establishment, management, operation or winding-up of County Public Funds under this section.

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

## **3. Failure to Maintain Memorandum Cashbook**

Review of financial records shows that Management did not maintain a memorandum cashbook for the office standing imprest issued during the year of Kshs.1,700,000, contrary to Regulation 93(14) of the Public Finance Management (County Governments) Regulations, 2015 which provides that a holder of a standing imprest shall keep a memorandum cash book to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the memorandum cash book.

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

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **Weak Internal Controls on Payments Processing**

Review of payment records presented for audit reflects internal control weaknesses in payment processing cycle as payment vouchers were not; serialized for control purposes; stamped/labelled as paid to avoid incidents of double payments and supported with budget expenditure controls for items being paid.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed

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

### **Responsibilities of Management and Board of Directors**

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

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

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

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

The Board of Directors is responsible for overseeing the corporation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**24 December, 2024**

Mombasa Investment Corporation  
County Government of Mombasa  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

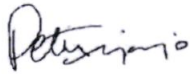
**14. Statement of Financial Performance for the year ended 30 June 2024**

	Note	Current FY 23/24	Comparative FY 22/23
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County executive	5	22,000,000	-
Transfers in Kind	6	-	-
Levies, Fines, and penalties	7	-	-
Public contributions and donations	8	-	-
Licenses, Fees, and Permits	9	-	-
		<b>22,000,000</b>	-
<b>Revenue from exchange transactions</b>			
Rendering of services	10	-	-
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income	13	-	-
Other income	14	25,000	-
<b>Total revenue</b>		<b>22,025,000</b>	-
<b>Expenses</b>			
Use of goods and services	15	19,663,914	-
Employee costs	16	-	-
Board Expenses	17	577,730	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	-	-
Contracted services	20	-	-
Grants and subsidies	21	-	-
Finance costs	22	-	-
<b>Total expenses</b>		<b>20,241,644</b>	-
<b>Other gains/(losses)</b>			
Gain/Loss on sale of assets	23	-	-
Gain/Loss on foreign exchange transactions	24	-	-
Gain /Loss on fair value of investments	25	-	-
Impairment loss	26	(-)	(-)
<b>Surplus before tax</b>		<b>1,783,356</b>	-
Taxation	27	(-)	(-)
<b>Surplus for the period/year</b>		<b>1,783,356</b>	-
Remission to County Treasury	47	-	-
<b>Net Surplus for the year</b>		<b>1,783,356</b>	-

**Mombasa Investment Corporation**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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The notes set out on pages 28 to 36 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 2 were signed on behalf of the Board of Directors by:



.....  
**Name: Mr. Peter Njonjo**  
**Chairman of the Board**

**Date: 20/12/2024**



.....  
**Name: Ms. Sahale Bawazir**  
**Accounting Officer**

**Date: 20/12/2024**



.....  
**Name: CPA Gloria Naitore**  
**Head of Finance**

**ICPAK M/No: 24895**

**Date: 20/12/2024**

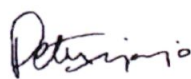
**15 Statement of Financial Position as at 30 June 2024**

	Note	Current FY 23/24	Comparative FY 22/23
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	28	7,006,322	-
Receivables from Exchange Transactions	29	-	-
Receivables from Non-Exchange Transactions	30	-	-
Inventories	31	-	-
Investments in financial assets	32	-	-
Prepayments	33	-	-
<b>Total Current Assets</b>		<b>7,006,322</b>	<b>-</b>
<b>Non-Current Assets</b>			
Receivables from Exchange Transactions	29	-	-
Investments in financial assets	32	-	-
Property, Plant and Equipment	34	-	-
Intangible Assets	35	-	-
Investment Property	36	-	-
<b>Total Non- Current Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets (A)</b>		<b>7,006,322</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	37	5,222,966	-
Refundable Deposits from Customers	38	-	-
Current Provisions	39	-	-
Finance Lease Obligation	40	-	-
Deferred Income	41	-	-
Employee Benefit Obligation	42	-	-
Payments received in advance	43	-	-
Short term borrowings (Current portion)	44	-	-
Service Concession Arrangements	45	-	-
Taxation	27	-	-
<b>Total Current Liabilities</b>		<b>5,222,966</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	40	-	-

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	Note	Current FY 23/24	Comparative FY 22/23
		Kshs	Kshs
Non-Current Employee Benefit Obligation	43	-	-
Long term Borrowings	45	-	-
Service Concession Liability	46	-	-
Deferred Tax Liabilities	49	-	-
<b>Total Non- Current Liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>5,222,966</b>	-
<b>Net Assets (A-B)</b>		<b>1,783,356</b>	-
<b>Represented By:</b>			
Ordinary share capital		-	-
Revaluation reserve		-	-
Accumulated Surplus		1,783,356	-
Capital fund		-	-
<b>Net Assets</b>		<b>1,783,356</b>	-

The financial statements set out on pages 3 to 4 were signed on behalf of the Board of Directors by:

  
 .....

**Name: Mr. Peter Njonjo**  
**Chairman of the Board**

**Date 20/12/2024**

  
 .....

**Name: Ms. Sahale Bawazir**  
**Accounting Officer**

**Date 20/12/2024**

  
 .....

**Name: CPA Gloria Naitore**  
**Head of Finance**

**ICPAK M/No: 24895**

**Date 20/12/2024**

**16. Statement of Changes in Net Assets for the year ended 30 June 2024**

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Accumulated Surplus	Proposed dividends	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, (Previous FY)</b>	-	-	-	-	-	-	-
Issued new capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(-)	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	-
Dividends paid	-	-	-	-	(-)	(-)	(-)
Interim dividends paid	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
<b>As at June 30, 2023</b>	-	-	-	-	-	-	-
<b>As at July 1, 2023</b>	-	-	-	-	-	-	-
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(-)	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	-	1,783,356	-	-	1,783,356

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Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Accumulated Surplus	Proposed dividends	Capital/Development Grants/Fund	Total
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	-
Dividends paid	-	-	-	-	(-)	(-)	(-)
Interim dividends paid	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
<b>As at June 30,2024</b>	-	-	-	<b>1,783,356</b>	-	-	<b>1,783,356</b>

*Note:*

- For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

**17. Statement of Cash Flows for the year ended 30 June 2024**

	Note	Current FY 23/24	Comparative FY 22/23
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government entities	5	22,000,000	-
Levies, Fines, and penalties		-	-
Public contributions and donations		-	-
Licenses and permits		-	-
Rendering of services		-	-
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Other income	14	25,000	-
<b>Total receipts</b>		<b>22,025,000</b>	-
<b>Payments</b>			
Use of goods and services	15	14,440,948	-
Employee costs		-	-
Board Expenses	17	577,730	-
Repairs and maintenance		-	-
Contracted services		-	-
Grants and subsidies		-	-
Finance costs		-	-
Tax paid		-	-
<b>Total payments</b>		<b>15,018,678</b>	-
<b>Net cash flows from/(used in) operating activities</b>	49	<b>7,006,322</b>	-
<b>Cash flows from investing activities</b>			
Purchase of PPE		(-)	(-)
Purchase of Intangible assets		(-)	(-)
Proceeds from sale of PPE		-	-
Purchase of investments		(-)	(-)
Sale of investments		-	-
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)

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	Note	Current FY 23/24	Comparative FY 22/23
		Kshs	Kshs
Proceeds from issue of shares		-	-
Remission to County Treasury		(-)	(-)
<b>Net cash flows from financing Activities</b>		-	-
<b>Net increase/(decrease) - cash &amp; Cash equivalents</b>		<b>7,006,322</b>	<b>(-)</b>
<b>Cash &amp; cash equivalents at the year Start</b>	28	-	-
<b>Cash and cash equivalents at the year End</b>	28	<b>7,006,322</b>	-

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from the County Executive	250,000,000	(235,000,000)	15,000,000	22,000,000	(7,000,000)	146.6%
Transfers in Kind	-	-	-	-	-	-
Levies, Fines, and penalties	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Rendering of services	-	-	-	-	-	-
Sale of goods	-	-	-	-	-	-
Rental revenue from facilities and equipment	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Other income	-	-	-	25,000	(25,000)	-
<b>Total Income</b>	<b>250,000,000</b>	<b>(235,000,000)</b>	<b>15,000,000</b>	<b>22,025,000</b>	<b>(7,025,000)</b>	<b>146.6%</b>
<b>Expenses</b>						
Use of goods and services	124,600,000	-	124,600,000	8,489,386	116,110,614	6.8%
Employee costs	48,400,000	-	48,400,000	-	(-)	-
Board Expenses	6,000,000	-	6,000,000	577,730	5,422,270	9.6%
Repairs and maintenance	4,000,000	-	4,000,000	-	(-)	-
Contracted services	12,000,000	-	12,000,000	11,174,528	825,472	93.1%
Grants and subsidies	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-

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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/e*100
<b>Total Expenditure</b>	195,000,000	-	195,000,000	20,241,644	174,758,356	10.4%
<b>Surplus/Deficit for the period</b>	-	-	-	1,783,356	-	-
<b>Capital Expenditure</b>	55,000,000	-	55,000,000	-	-	-

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*Budget notes*

- i. The differences between Total actual revenue and total budgeted revenue amounts (from transfer from the government) which represent 8.8% deviation from the revised budget. The shortfall was attributed to unrealized own source revenue.
- ii. Recurrent expenditure amounted to KES. 15M comprise of operations (Administration costs) only. The MIC's employees are paid personal emoluments from County Treasury.
- iii. There was no Development expenditure incurred during the financial year.
- iv. Revenue from other income was generated through tender applications.
- v. The differences between original and Supplementary budget were due to reallocation of funds
- vi. The percentage utilization of appropriated funds is 68%. The initial budget was KES. 250M, however, as County Aggregation and Industrial Park (CAIP) project was assigned to the Department of Trade, the budgeted funds were also re-allocated to the Department of Trade by County treasury. The MIC was only allocated KES. 22M for the financial year 2023/24.

## **19. Notes to the Financial Statements**

### **1. General Information**

MIC entity is established by and derives its authority and accountability from Mombasa County Investment Corporation Act of 2019. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to be a world-class investment hub through strategic and sustainable partnership and interventions.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the MIC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the MIC. The financial statements have been prepared in accordance with the PFM Act, the Mombasa County Investment Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.**

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

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <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:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p>

**Annual Report and Financial Statements for the year ended June 30, 2024.**

Standard	Effective date and impact:
	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

**iii. Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the MIC and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance upon fulfilling the conditions set.

**Levies, Fines, and penalties**

The MIC recognizes revenues from Levies, Fines, and penalties when the event occurs and the asset recognition criteria are met.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the MIC.

**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 the Current FY 23/24 was approved by the County Assembly on 30th June 2023. The MIC'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. 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 of these financial statements.

#### **c) Taxes**

##### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the MIC operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

**Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over the period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately based on the model adopted)*

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the MIC. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The MIC also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the MIC will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the MIC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

The *Entity* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the MIC can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new **hedge accounting rules have no impact on the Company's financial statements**. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**i. 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.

**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.

#### **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.

#### **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.

#### **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).

### **ii. Financial liabilities**

#### **Classification**

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

#### **j) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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*.

#### **k) 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.

#### **l) 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.

#### **m) 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.

**n) Nature and purpose of reserves**

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

**o) 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.

**p) Employee benefits**

**Retirement benefit plans**

The MIC 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.

**q) 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.

**r) 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.

**s) 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*.

**t) Service concession arrangements**

The MIC analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the MIC recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. **In the case of assets other than 'whole-of-life' assets**, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the MIC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u) 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.

**v) Comparative figures**

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

**w) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

**Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the MIC'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:

**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

**Useful lives and residual value**

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

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

**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 40. 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.

**5. Transfers from County Government entities**

Description	Current FY 23/24	Comparative FY 22/23
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grant	22,000,000	-
Unconditional development grants	-	-
Other Grants	-	-
<b>Total Unconditional Grants</b>	<b>22,000,000</b>	<b>-</b>
<b>Conditional Grants amortised/ transferred to revenue</b>		
Housing Development Grant	-	-
Infrastructure Grant	-	-
Library Grant	-	-
Facilities Development Grant	-	-
Other Organizational Grants (specify)	-	-
<b>Total</b>	<b>22,000,000</b>	<b>-</b>

(the purpose of funding is for the operationalization of the Corporate)

**a) Transfers from County Departments**

County Executive	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Comparative FY 22/23
	KShs	KShs	KShs	KShs	KShs
Department of Finance & Economic planning	22,000,000	-	-	22,000,000	-
	-	-	-	-	-
<b>Total</b>	<b>22,000,000</b>	<b>-</b>	<b>-</b>	<b>22,000,000</b>	<b>-</b>

**6. Transfers in Kind**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Electricity	-	-
Rent	-	-
Furniture	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**7. Levies, Fines and Penalties**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Levies ( <i>Specify</i> )	-	-
Fines ( <i>Specify</i> )	-	-
Penalties ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**8. Public Contributions and Donations**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Health Donations	-	-
Research Donations	-	-
Donations transferred to revenue on conditions being met.	-	-
Other Public Donations ( <i>Specify</i> )	-	-
<b>Total Transfers and Sponsorships</b>	-	-
<b>Reconciliation of Public Contributions and Donations</b>		
Balance unspent at beginning of the year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

## 9. Licenses, Fees and Permits

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Licenses	-	-
Fees	-	-
Permits	-	-
<b>Total</b>	-	-

## 10. Rendering of Services

Description	Current FY 23/24	Comparative FY 22/23
	KShs	KShs
Agency income	-	-
Tuition Fees	-	-
Training Fees	-	-
Service Fees e.g. ploughing ( <i>specify</i> )	-	-
Quality Assurance	-	-
Others ( <i>specify</i> )	-	-
<b>Total Revenue from the Rendering of services</b>	-	-

## 11. Sale of Goods

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Sale of textiles	-	-
Sale of certified seeds	-	-
Sale of livestock	-	-
Sale of water	-	-
Sale of firewood	-	-
Other ( <i>Specify</i> )	-	-
<b>Total revenue from the sale of goods</b>	-	-

**12. Rental revenue from facilities and equipment**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Hire of equipment	-	-
Staff houses	-	-
Contingent Rental*	-	-
Others (Specify)	-	-
<b>Total Rentals</b>	<b>-</b>	<b>-</b>

\*Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.

**13. Finance Income**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Interest income on bank deposits	-	-
Interest income from loans	-	-
Others (Specify)	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

**14. Other Income**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Insurance recoveries	-	-
Income from sale of tender	25,000	-
Services concession income	-	-
Skills development levy	-	-
Income written back	-	-
Bad debts recovered	-	-
Miscellaneous incomes (specify)	-	-
<b>Total Other income</b>	<b>25,000</b>	<b>-</b>

**15. Use of Goods and Services**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Electricity	-	-
Water	-	-
Professional Services	11,174,528	-
Subscriptions	-	-
Audit Fees	-	-
Conferences and delegations	882,076	-
Consumables (office general services)	1,700,000	-
Fuel and oil	-	-
Insurance	-	-
Licenses and permits	100,050	-
Hire charges (e.g. hire of equipment)	-	-
Security costs	-	-
Inventory scrapping	-	-
Telecommunication ( postal services)	9,450	--
Training costs	482,760	-
Travel, accommodation subsistence and other Allowances	3,341,850	-
Bank charges	57,443	-
Printing, Advertising services	156,187	-
Others (Foreign travel, accommodation subsistence)	1,759,570	-
<b>Total</b>	<b>19,663,914</b>	-

**16. Employee Costs**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Salaries for permanent employees	-	-
Wages to temporary employees	-	-
Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Gratuity	-	-
Other employee related costs *	-	-
<b>Total employee costs</b>	<b>-</b>	<b>-</b>

**17. Board Expenses**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Chairman/Directors' Honoraria	-	-
Sitting Allowances	228,000	-
Medical Insurance	-	-
Induction and training	-	-
Travel and accommodation	349,730	-
Other Allowances	-	-
<b>Total</b>	<b>577,730</b>	<b>-</b>

(Provide brief explanation expenditure variations compared to the previous year)

**18. Depreciation and Amortization Expenses**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>

**19. Repairs and Maintenance**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Property and equipment	-	-
Investment Property	-	-
Equipment and Machinery	-	-
Vehicles	-	-
Furniture and Fittings	-	-
Computers and Accessories	-	-
Others (specify)	-	-
<b>Total Repairs and Maintenance</b>	-	-

**20. Contracted Services**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Others ( <i>specify</i> )	-	-
<b>Total Contracted Services</b>	-	-

**21. Grants and Subsidies**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Community Trust	-	-
Sporting Bodies	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Grants and Subsidies</b>	-	-

**22. Finance Costs**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount on lease liabilities	-	-
Interest on bank overdrafts	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	-	-

\*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.

**23. Gain on Sale of Assets**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
<b>Total gain on sale of assets</b>	-	-

**24. Gain/Loss on foreign exchange transactions**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Gain on foreign exchange transactions	-	-
Loss on foreign exchange transactions	(-)	(-)
<b>Total Gain/Loss</b>	-	-

**25. Gain/loss on fair value investments**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

**26. Impairment Loss**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total Impairment Loss</b>	-	-

**27. Taxation**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Current income tax charge	-	-
Tax charged on rental income	-	-
Tax charged on interest income	-	-
<b>Deferred tax:</b> [note 49	-	-
Original and reversal of temporary differences	-	-
<b>Income tax expense reported in the statement of financial performance</b>	-	-

**28. Cash and Cash Equivalents**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Current Account	7,006,322	-
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Cash and cash equivalents</b>	<b>7,006,322</b>	-

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	Current FY 23/24	Comparative FY 22/23
		Kshs	Kshs
<b>a) Current Account</b>			
Sidian Bank- recurrent a/c	01002020021548	6,981,322	-
Sidian Bank- development a/c	01002020021538	-	-

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Financial Institution	Account number	Current FY 23/24	Comparative FY 22/23
		Kshs	Kshs
Equity Bank	0250281260167	25,000	-
<b>Sub- Total</b>		<b>7,006,322</b>	-
<b>b) On - Call Deposits</b>			
Bank		-	-
Bank – etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Fixed Deposits Account</b>			
Bank		-	-
Bank		-	-
<b>Sub- Total</b>		-	-
<b>d) Others (Specify)</b>		-	-
Cash in Transit		-	-
Cash in Hand		-	-
Mobile Money Accounts		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>7,006,322</b>	-

**29. Receivables from exchange transactions**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Trade debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
<b>Total receivables</b>	-	-
Current portion receivables	-	-
Non-current Receivables	-	-
<b>Total receivables</b>	-	-

**a) Ageing analysis for Receivables from exchange transactions**

Description	Current FY 23/24		Comparative FY 22/23	
	Kshs		Kshs	
	Current FY 23/24	% of the total	Comparative FY 22/23	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

**b) Reconciliation for impairment allowance on receivables from exchange transactions**

Impairment allowance/ Provision	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	(-)	(-)
Written off during the year	(-)	(-)
At the end of the year	-	-

**30. Receivables from Non-Exchange Transactions**

Description	Current FY 23/24		Comparative FY 22/23	
	Kshs		Kshs	
Levies, fines, and penalties	-		-	
Licences and permits	-		-	
Other debtors (non-exchange transactions)	-		-	
Less: impairment allowance	(-)		(-)	
<b>Total receivables from non- exchange transactions</b>	-		-	
Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

**Reconciliation For Impairment Allowance on Receivables from Non-Exchange Transactions**

Description	Current FY 23/24		Comparative FY 22/23	
	Kshs		Kshs	
At the beginning of the year	-		-	
Additional provisions during the year	-		-	
Recovered during the year	(-)		(-)	
Written off during the year	(-)		(-)	

**31. Inventories**

Description	Current FY 23/24		Comparative FY 22/23	
	Kshs		Kshs	
Consumable stores	-		-	
Raw materials in stock	-		-	
Spare parts and meters	-		-	
Other goods held for resale	-		-	
Less: allowance for impairment	(-)		(-)	
<b>Total inventories at the lower of cost and net realizable value</b>	-		-	

**32. Investments in financial assets**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>a) Investment in Treasury bills</b>		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>Investment in Treasury bonds</b>		
Financial institution		
CBK	-	-
Sub- total	-	-
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
<b>c) Equity investments (specify)</b>		
Equity/ shares in Entity	-	-
Sub- total	-	-
<b>Grand total</b>	-	-
<b>Analysed as:</b>		
<b>Current</b>	-	-
<b>Non-current</b>	-	-

**d) Movement of Equity Investments**

Impairment allowance/ provision	Current FY 23/24	Comparative FY 22/23
	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 under note 33 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	-	-	-	-	-	-
	-	-	-	-	-	-

33. **Prepayments**

	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Insurance	-	-
Subscriptions	-	-
Rent	-	-
Electricity	-	-
Water	-	-
Others ( <i>Specify</i> )	-	-
	-	-

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**34. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
<b>Depreciation Rate</b>		<b>x%</b>	<b>x%</b>	<b>x%</b>	<b>x%</b>	<b>x%</b>		
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As At 1<sup>st</sup> July 2022</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	-	-	(-)	(-)	(-)
Transfers/Adjustments	-	-	(-)	-	(-)	(-)	-	(-)
<b>As at 30<sup>th</sup> June 2023</b>	-	-	-	-	-	-	-	-
<b>As At 1<sup>st</sup> July 2023</b>								
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	-	-	-	(-)	(-)	(-)
Transfer/Adjustments	(-)	(-)	-	-	(-)	(-)	-	(-)
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-
<b>Depreciation And Impairment</b>								
<b>At 1<sup>st</sup> July 2022</b>	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Depreciation	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	-	(-)	-	-	-	(-)	-	(-)
Transfers/ Adjustments	-	(-)	-	-	(-)	(-)	-	(-)
<b>As At 30<sup>th</sup> June 2023</b>	-	-	-	-	-	(-)	-	-

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	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
<b>Depreciation Rate</b>		x%	x%	x%	x%	x%		
<b>At 1<sup>st</sup> July (Current FY)</b>								
Depreciation	-	(-)	(-)	(-)	-	(-)	(-)	(-)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	(-)	(-)	-	-	(-)	-	(-)
Transfer/Adjustment	-	-	(-)	(-)	-	(-)	(-)	-
<b>As at 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-	-	-	-
<b>Net Book Values</b>								
<b>As at 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-	-	-	-

**Valuation**

Land and buildings/ Equipment are provided by the County Government of Mombasa.

**35 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant and machinery	-	-	-
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	-	-	-
Office equipment, furniture, and fittings	-	-	-
<b>Total</b>	-	-	-

Property plant and equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and machinery	-	-
Motor vehicles including motorcycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
<b>Total</b>	-	-

**35. Intangible Assets**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions—internal development	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	(-)	(-)
<b>NBV</b>	-	-

**36. Investment Property**

Description	Current FY 23/24	Comparative FY 22/23
	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	-	-

**37. Trade and Other Payables**

Description	Current FY 23/24		Comparative FY22/23	
	Kshs		Kshs	
Trade payables	4,832,302		-	
Employee payables	-		-	
Third-party payments	-		-	
Other payables	390,664		-	
<b>Total trade and other payables</b>	<b>5,222,966</b>		<b>-</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	5,222,966	43.4%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>5,222,966</b>		<b>-</b>	

(1. The contract amount for the TA is KES.9,124,528; part payment was done of an amount KES. 5,292,226 as at 30<sup>th</sup> June 2024

(2. The contract amount for provision for consultant services is KES. 2,000,000; part payment was done of an amount KES. 1,000,000 as at 30<sup>th</sup> June 2024.)

**38. Refundable Deposits from Customers**

Description	Current FY 23/24		Comparative FY 22/23	
	Kshs		Kshs	
Customer deposits	-		-	
Other deposits	-		-	
<b>Total deposits</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
<b>Under one year</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>-</b>		<b>-</b>	

**39. Provisions**

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward at the beginning of the year	-	-	-	-
Additional provisions during the year	-	-	-	-
Provision utilised during the year	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
<b>Total provisions at the end year</b>	-	-	-	-
<b>Analysed as:</b>				
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

**40. Finance Lease Obligation**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>At the start of the year</b>	-	-
Discount interest on lease liability	-	-
Paid during the year	(-)	(-)
<b>At end of the year</b>	-	-

**Maturity Analysis**

Period	Amount (Kshs)
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: Unearned Interest	(-)
<b>Total</b>	-

**Analysed as:**

Description	Amount (Kshs)
Current	-
Non- Current	-
<b>Total</b>	-

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**41. Deferred Income**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
National Government	-	-
Development partners	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	-	-

The deferred income movement is as follows:

	National government	Development partners	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions	-	-	-	-
Transfers to capital fund	(-)	(-)	(-)	(-)
Transfers to income statement	(-)	(-)	(-)	(-)
Other transfers	(-)	(-)	(-)	(-)
Balance carried forward	-	-	-	-

**42. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	(Current FY 23/24)	(Comparative FY 22/23)
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-	-

**Retirement benefit Asset/ Liability**

The Entity's Retirement benefit of employees is handled by the public service and administration directorate in the County Government of Mombasa.

Description	Current FY 23/24	Comparative FY 22/23
Discount Rates	-	-

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Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (Pre- Retirement)	-	-
Mortality (Post- Retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

**Recognition of Retirement Benefit Asset/ Liability**

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
<b>Remeasurement of the net defined benefit liability (asset)</b>	-	-

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**b) Amounts recognised in the Statement of Financial Position**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	(-)	(-)
Funded status (=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is handled by Public Service Administration in the County Government of Mombasa.

**43. Payments received in advance.**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Rent	-	-
Water	-	-
Parking fees	-	-
License fees	-	-
Others ( <i>Specify</i> )	-	-
Total	-	-

**44. Borrowings**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>Domestic borrowings</b>		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	(-)	(-)
<b>Balance at end of the year</b>	-	-

The analysis of domestic borrowing is as follows:

	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>Domestic Borrowings</b>		
Loan from KCB	-	-
Loan from ABSA Bank	-	-
Loan from Consolidated Bank	-	-
Others ( <i>Specify</i> )	-	-
Total Balance at end of the year	-	-

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

**45. Service Concession Arrangements**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	(-)
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

**46. Surplus Remission (for category 3 entities)**

In accordance with Section 206 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into County Revenue Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Surplus remission has been computed as follows:

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Surplus for the period	-	-
Less: Allowable deductions by County Treasury	(-)	(-)
90% Computation (Included in Statement of Financial Performance)	-	-

**Surplus Remission Payable**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Payable at the beginning of the year	-	-
Paid during the year	(-)	(-)
<b>Payable at end of the year</b>	-	-

**47. Taxation**

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Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 28)	-	-
Under/(over) provision in prior year/s (note 28)	-	-
Income tax paid during the year	(-)	(-)
At end of the year	-	-

**48. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	(-)	(-)
Provisions for liabilities and charges	(-)	(-)
<b>Net deferred tax liability/(asset)</b>	-	-
<b>The movement on the deferred tax account is as follows:</b>		
<b>Balance at beginning of the year</b>	-	-
Credit to revaluation reserve	(-)	(-)
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
<b>Balance at end of the year</b>	-	-

**49. Cash Generated from Operations**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Surplus for the year before tax	1,783,356	-
<b>Adjusted for:</b>		
Depreciation	-	-
Non-cash grants received	(-)	(-)
Contributed assets	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working capital adjustments</b>		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in deferred income	-	-
Increase in payables	5,222,966	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>7,006,322</b>	<b>-</b>

**50. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity'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 entity 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 Entity's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The entity 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

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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.

**Financial Risk Management**

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	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30 June 2023</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

**Financial Risk Management**

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.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's Directors, who have 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 entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Financial Risk Management**

**iii) Market risk**

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The MIC 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 Entity'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 way it manages and measures the risk.

**a) Foreign currency risk**

The MIC 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 MIC 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.

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**Financial Risk Management**

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

**Current FY 23/24**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (Current FY)</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade and other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

**Current FY 23/24**

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

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The following table demonstrates the effect on the entity's statement of comprehensive income 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 before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current FY</b>			
Euro	10%	-	-
USD	10%	-	-
Sterling Pound	10%	-	-
<b>Previous FY</b>			
Euro	10%	-	-
USD	10%	-	-
Sterling Pound	10%	-	-

**b) 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 entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

**Management of interest rate risk**

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

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on surplus or deficit of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

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The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June (Current FY)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June (Previous FY)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
<b>Total</b>	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Revaluation Reserve	-	-
Accumulated surplus	-	-
Capital fund	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(-)	(-)
Net Debt/(Excess cash and cash Equivalents)	-	-
<b>Gearing</b>	-	-

**51. Related Party Disclosures**

**a) Nature of related party relationships**

Entities and other parties related to MIC corporation 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.

**b) County Government of Mombasa**

The county Government of Mombasa is the principal shareholder of the MIC, holding 100% of the MIC's equity interest. The County Government has provided full guarantees to all long-term lenders of the entity.

**c) Other related parties include:**

- i) The Parent Department, Finance & Economic Planning.
- ii) County Government of Mombasa.
- iii) Key management.
- iv) Board of Directors.

**d) Transactions with related parties**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>a) Sales to related parties</b>		
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	882,076	-
Others ( <i>specify</i> )	109,500	-
<b>Total</b>	<b>991,576</b>	<b>-</b>
<b>b) Grants /transfers from the government</b>		
Transfer from county executive	22,000,000	-
Grants from other levels of Government	-	-
Donations in kind	-	-
<b>Total</b>	<b>22,000,000</b>	<b>-</b>

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Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for MIC employees	-	-
Payments for goods and services for MIC	-	-
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**52. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)*

**53. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Receivables from other government entities	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**Contingent Liabilities**

Description	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
<b>Contingent Liabilities</b>	-	-
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others	-	-
<b>Total</b>	-	-

**54. Capital Commitments**

Capital Commitments	Current FY 23/24	Comparative FY 22/23
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
<b>Total</b>	-	-

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the Board but at the end of the year had not been contracted or those already contracted for and ongoing).*

**55. Events after the Reporting Period**

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

**56. Ultimate And Holding Entity**

The Entity is a County Corporation under the Department of Finance and economic planning. Its ultimate parent is the County Government of Mombasa.

**57. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

**20. Appendices**


**Appendix 1: Implementation Status of Auditor General’s Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A				

**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 Entity responsible for the implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.

.....  
  
 Managing Director

Date: 20/12/2024

## **Appendix II: Projects implemented by Mombasa Investment Corporation**

### **Mombasa Industrial Park (MIP) Special Economic Zone (SEZ)**

MIP is located within Bonje Area, Mbuyu wa Chapa of the Jomvu Kuu ward, Jomvu Sub-County, Mombasa County at the eastern boundary of Mombasa County with Kilifi County and Kwale County. It is approximately 15 km from Mombasa City just off the Mombasa - Nairobi Highway (A109 Road) accessed from the Miritini Interchange. It will benefit from planned and existing modern infrastructure as well as trade and transport links to international markets via Mombasa Port and to regional markets via the Northern Corridor and Standard-Gauge Railway (SGR). Mombasa is recognized as the Gateway to East and Central Africa.

MIP is a mixed-use Special Economic Zone (SEZ) Project located on a 535-acre public land owned by the County Government of Mombasa. MIP is being developed by the County Government in a joint venture with private sector and is estimated at Kes. 20B. This project aims to attract investment, generate employment opportunities, and boost export activity within the region.

MIC has advertised and awarded the tender to develop and operate the SEZ. Furthermore, in the spirit of facilitating investments, MIC has worked closely with partners such as TradeMark Africa to carry out the (Environmental and Social Impact Assessment) of the SEZ and the Resettlement Action Plan (RAP). MIC closely works with key stakeholders such as the Special Economic Zone Authority (SEZA), County Government Departments and potential investors.

**Appendix IV: Transfers from Other Government Entities**

Name of the Entity Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Mombasa County dept of Finance & Economic planning	29 <sup>th</sup> September, 2023	Recurrent	10,000,000	10,000,000	-	-	-	-	10,000,000
	27 <sup>th</sup> May, 2024	Recurrent	12,000,000	12,000,000	-	-	-	-	12,000,000
USAID	-	Donor Fund	-	-	-	-	-	-	-
	-	Direct Payment	-	-	-	-	-	-	-
<b>Total</b>			<b>22,000,000</b>	<b>22,000,000</b>	-	-	-	-	<b>22,000,000</b>

Mombasa Investment Corporation  
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**Appendix V- Inter-Entity Confirmation Letter**


Mombasa Investment Corporation  
 P.O Box 34505-80118  
 Links Road, Nyali  
 Mombasa, Kenya

The [insert CC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 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 Mombasa Investment Corporation as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (KShs) as at 30th June 2024				Amount Received by MIC (KShs) as at 30 <sup>th</sup> June 23 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Department (C)	Total (D)=(A+B+C)		
FT23262XWJLV	29 <sup>th</sup> September, 2023	10,000,000	-	-	10,000,000	-	-
FT24144D7WT3	27 <sup>th</sup> May, 2023	12,000,000	-	-	12,000,000	-	-
<b>Total</b>		<b>22,000,000</b>			<b>22,000,000</b>	-	-

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

**Head of Finance department of beneficiary Entity:**

Name: .....CPA Gloria Naitore..... Sign .....Date: .....20/12/2024.....

**Appendix VI: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									

*Mombasa Investment Corporation*  
*County Government of Mombasa*  
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**Appendix VII: 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
N/A						