

REPUBLIC OF KENYA



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REPORT

OF

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THE AUDITOR-GENERAL

ON

TURKANA COUNTY BIASHARA FUND

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

PAPERS LAID	
DATE	6/13/2025
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COMMITTEE	
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THE TURKANA COUNTY BIASHARA FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

The Turkana County Biashara Fund

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

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1. Acronyms, Abbreviations, and Definition of Key Terms

A: Acronyms and Abbreviations

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CEO	Chief Executive Officer
CO	Chief Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Definition of Key Terms

Fiduciary Management- Members of Management that are 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

Turkana County Biashara Fund was established by and derives its authority and accountability from Turkana County Biashara Fund (Amended) Act, 2020 Via Kenya Gazette Supplement No.19 (Act 11). This Act has been nullified following a court ruling nullifying all the Acts that had not been published in the Kenya Gazette. The new Biashara Fund Act has already been approved by the cabinet awaiting approval by the County Assembly. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

(b) Principal Activities

The principal activity/mandate of the Fund is to provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County.

The fund's core objective is to;

- i. Facilitate the improvement of business development and self-reliance by boosting the growth of micro entrepreneurs in the County.
- ii. Provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County.
- iii. Provide an opportunity to small scale entrepreneurs to gain commercial experience to enable them to play their part in industrial and commercial development of the county.

(c) Key Management

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

No.	Details
1.	Fund Management Board
2.	Fund Administrator
3.	Management

The Turkana County Biashara Fund

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Fund Administrator	Robert Loyelei
2.	Director Trade, Enterprise Development and Industries.	James Lokwale
3.	CECM Trade, Co-operatives, Gender and Youth Affair	David Erukudi
4.	Fund Accountant	Grace Ewoi

The Turkana County Biashara Fund

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

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

Turkana County Audit Committee.

SN	Position	Name
1	Member	Susan Amlango Aletia
2	Member	Sylvia Lapur Lokuruka
3	Member	Paul Lopodo Mutu
4	Member	Erukudi Marklewis Ekuam
5	Member	Amos Kiptui Kibet
6	Member	Francis Lokwar
7	Member	Jeremiah Ngachekio

(f) Entity Headquarters

P.O. Box 11-30500

Trade, Gender & Youth Affairs Offices,

Cooperative Building,

Next to Turkana County Assembly

Lodwar, KENYA.

(g) Entity Contacts

E-mail: tcg@turkana.go.ke

Website: www.tcg.go.ke

(h) Entity Bankers

Kenya Commercial Bank

Lodwar Branch.

LODWAR, KENYA.

Key Entity Information and Management (continued)

(i) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

County Attorney



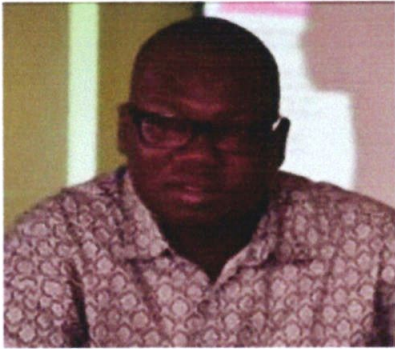
P.O. Box 11-30500

LODWAR, KENYA


3. The Board of Directors/Fund Committees

During the financial year under review the fund did not have a board. The process of appointing the board members as already been initiated.

4. Key Management Team

Management	Details
<p>David Erukudi</p>  <p>Bachelor of Business Management- Supplies and Procurement</p>	<p>CECM Trade, Co-operatives, Gender and Youth Affair</p>
<p>Robert Bob Loyelei</p>  <p>Bachelor of Commerce</p>	<p>Chief officer Trade and Cooperatives Development. Fund Administrator.</p>
<p>James Lokwale</p>  <p>MBA Strategic Management. Bachelor of Business Management-Finance and Banking</p>	<p>Director Trade. Secretary to the Board.</p>

The Turkana County Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

<p>Grace Epakan Ewoi</p>  <p>MSc in Oil and Gas Management and a Bachelor of Business Management Finance and Banking. CPA-K</p>	<p>Fund Accountant.</p>
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5. Chairperson's Statement

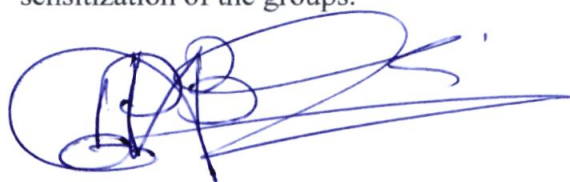
The process of appointing the chairperson and board members has already been initiated.

6. Report of the Fund Administrator

The Turkana County Biashara Fund was established to provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County. The appointment of the fund board has significantly been delayed by the nullification of the fund's operationalization Act.

To realize the fund's objective, the fund has so far received a cumulative allocation of **Kshs.396,123,825** from the county exchequer. During the year under review, a disbursement of **Kshs.50,000,000** was received as an allocation for Financial Year 2023/2024. The fund receipts received were apportioned between fund operation; **Kshs.1,500,000 (3%)** and fund capital; **Kshs.48,500,000 (97%)**. Moreover, the fund balance carried over amounted to **Kshs.129,039,667**. Consequently, the actual amount utilized for fund operations at the end of the financial year amounted to **Kshs.891,900** and expenditure incurred on bank charges amounted to **Kshs.22,276**.

The vastness of the county still poses a logistical challenge for the monitoring teams as they require enough resources to circumnavigate the 30 wards. The administration cost can't therefore be sufficient for this important exercise. There is need for the department to chip in to support and also engage the governance structures in the Wards and Sub County levels to support in the daily monitoring and sensitization of the groups.



Name: Robert Bob Loyelei

Fund Administrator

The Turkana County Biashara Fund

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

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

The key development objectives of the Turkana County Biashara Fund’s 2022-2027 plan are to:

- i. Facilitate the improvement of business development and self-reliance by boosting the growth of micro entrepreneurs in the County.
- ii. Provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County.
- iii. Provide an opportunity to small scale entrepreneurs to gain commercial experience to enable them to play their part in industrial and commercial development of the county.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Provision of Seed Capital	Offer appropriate and cost - effective credit	No. of business awarded loans.	<ul style="list-style-type: none"> • Advertisement of loans, Loan appraisal and award. • Capacity building • Monitoring and evaluation of awarded loans. 	The activities have been rolled over to the current financial year.
Capacity Building	Improvement of entrepreneurial skills	Number of small and medium scale traders trained on entrepreneurship skills	<ul style="list-style-type: none"> • Mobilization • Trainings conducted 	The activity has been rolled over to the current financial year

8. Corporate Governance Statement

During the period under **review** the fund did not have a Board.

When fully constituted the Board of directors will be composed of competent, diverse and qualified members capable of exercising objective and independent judgement. The Board will have appropriate autonomy and authority to exercise its functions, accountability and responsibility to the stakeholders. The composition of the Board provides a diversity of gender, competencies and skills required for effective leadership of the organization.

Appointment and Removal of Directors/Board Members.

The Board of management is appointed through a transparent and formal process. The chairperson is appointed by the governor on the recommendation of the County Executive Committee Member responsible for Trade, Co-operative, Gender and Youth Affairs with the approval of the County Assembly. The members shall be appointed by the County Executive Committee Member responsible for Trade, Co-operative, Gender and Youth Affairs; being drawn from co-operative movement within the county while observing the interests of minorities, Youth, gender and people living with disability.

A person shall not be qualified for appointment as a member of the board if that person is;

- i. a member of National Assembly;
- ii. is adjudged bankrupt;
- iii. is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months.

An appointed member of the Board shall cease to be a member when;

- i. Dies;
- ii. Is unable to perform the functions of the office due to mental or physical infirmity

The conduct of business of the Board shall be as provided in the First Schedule, but subject thereto, the Board may regulate its own procedure. The quorum for the conduct of business of the meeting of the Board shall be two-thirds of the total number of members of the Board.

The Turkana County Biashara Fund

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

Roles and Function of the Board.

The Board of management has the following roles as outlined by Turkana County Cooperative Enterprise Development Fund Act:

- i. Supervise, control and administer the assets of the fund in such a manner and for such purposes as would best promote the objects and functions for which the fund is established;
- ii. Formulate policy guidelines on funding
- iii. Ensure that all projects funded are consistent with priorities specified in the relevant policy documents;
- iv. Approve proposals submitted to it by the unit under the act;
- v. Authorise allocations from the fund;
- vi. Formulate or approve standards, guidelines and procedures for funding proposals and release of loans and credit facilities;
- vii. Approve the organizational structure of the unit;
- viii. Provide oversight in the utilization of the fund;
- ix. Cause to be kept proper records of all assets and liabilities of the Fund;
- x. Prepare and present for approval;
 - a. Annual estimates of revenue and expenditure of the fund
 - b. Audited accounts in accordance with the international accounting standards and relevant laws
 - c. The investment proposals

Conflict of Interest

During every meeting of the board, members are allowed to declare conflict of interest in any matter under discussion. Where a member has conflicting interest, they are excluded from the deliberations of the said agenda.

Board Remuneration

The members of the board shall be paid such allowances or remuneration as per the Salaries and Remuneration Commission and in accordance with the relevant financial regulations and/or guidelines currently in force including the Salaries and Remuneration Commission.

Ethics and Conduct

Board members received **training** on ethics and conduct during the induction training. There are no ethical and misconduct issues to declare.

The Turkana County Biashara Fund

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

9. Management Discussion and Analysis

The Turkana County **Biashara Fund** was established to provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County.

During the financial year under review the fund received a total of **Kshs.50,000,000**. The fund receipts received were apportioned between fund operation; **Kshs.1,500,000 (3%)** and fund capital; **Kshs.48,500,000 (97%)**. Moreover, the fund balance carried over amounted to **Kshs.129,039,667**. Consequently, the actual amount utilized for fund operations at the end of the financial year amounted to **Kshs.891,900** and expenditure incurred on bank charges amounted to **Kshs.22,276**. The fund also received **Kshs.5,603** as interest realized from issued loans and **Kshs.585,634** as principal repayment.

The vastness of the county still poses a logistical challenge for the monitoring teams as they require enough resources to circumnavigate the 30 wards. The administration cost can't therefore be sufficient for this important exercise. There is need for the department to chip in to support and also engage the governance structures in the Wards and Sub County levels to support in the daily monitoring and sensitization of the groups.

10. Environmental and Sustainability Reporting

Turkana County Biashara Fund was established to provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County.

i) *Sustainability strategy and profile*

The fund is created in such a way that it is a revolving fund that will enable the fund to operate for a long time. The interest charged is the lowest (3%) compared to what is charged in the market by financial and non- financial institutions making it affordable. The funding requirements are also minimal to enable easy access to the loan with a flexible repayment instalments and schedule.

ii) *Environmental performance*

Since this is a revolving fund, there is minimal interaction of the products(loans) with the environment. The fund therefore does not have an environmental management policy.

iii) *Employee welfare*

The fund does not hire any staff since it is operated and managed by the staff working for the department the fund is housed under.

iv) *Marketplace practices-*

The organization should outline its efforts to:

a) *Responsible competition practice.*

The fund offers a competitive interest rate that is lower the pre-existing market interest rates while maintaining an equal platform for all the eligible groups to apply and receive the funds without any bias or preference. Advertisement for the funds will be made public.

b) *Responsible Supply chain and supplier relations*

The fund has not engaged any supplier.

c) *Responsible marketing and advertisement*

The fund advertises calls for funding through the social media, radios, and newspapers.

d) *Product stewardship*

The fund is accessible to all cooperatives within Turkana County and Protects the interest of the marginalized, persons with disability, women and youths.

v) *Corporate Social Responsibility / Community Engagements*

The Turkana County Biashara Fund

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

The fund did not undertake any CSR activities since it only focuses on providing affordable credit to co-operative societies **within the county**. There were no charitable events undertaken by the fund during the financial year under review.

The Turkana County Biashara Fund

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

11. Report of the Directors/Fund Committee

The Directors/Fund Committee submits their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Entity's affairs.

i) Principal activities

The principal activity/mandate of the Fund is to provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County.

ii) Results

The results of the Entity for the year ended June 30, 2024, are set out on page 1 to 6.

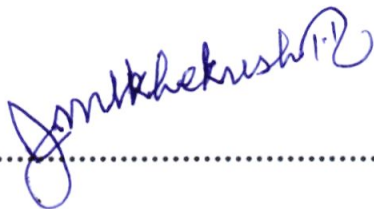
iii) Directors/Fund Committee

The fund did not have a fund board during the year under review.

iv) Auditors

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

By Order of the Board



.....
Name: James Lokwale

Secretary to the Board/Committee

12. Statement of Directors/Fund Committee Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Constitution, an Act of Parliament or County Legislation, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Turkana County Biashara Fund Act, 2020 (Amendment). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

The Turkana County Biashara Fund

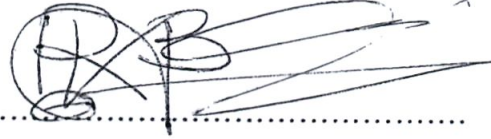
Annual Report and Financial Statements for the year ended June 30, 2024.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 18TH NOVEMBER 2024 and signed on its behalf by:



.....
Name: Grace Ewoi
Head of Finance



.....
Name: Robert Loyelei
Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY BIASHARA FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Turkana County Biashara Fund set out on pages 1 to 41, which comprise of the statement of financial position as at

Report of the Auditor-General on Turkana County Biashara Fund for the year ended 30 June, 2024

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Turkana County Biashara Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Turkana County Biashara Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Undisclosed Loans

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.191,444,479 as disclosed in Note 10 to the financial statements. As previously reported, the balance of Kshs.191,444,479 excludes receivables balance of Kshs.12,298,014 inherited from the Defunct Local Authorities that has been outstanding for over ten (10) years. Management has not indicated the strategies or measures instituted to recover the debt. Further the handing over report for the loans from the defunct local authorities has not been provided for audit review.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.191,444,479 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income budget of Kshs.181,872,077 and actual amounts of Kshs.179,045,270 resulting in ninety-eight percent (98%) achievement. Further, actual expenditure of Kshs.914,176 was incurred against budgeted receipts of Kshs.179,045,270 resulting in an under-utilization of Kshs.178,131,094 or 99.5% of the budget.

Failure to utilize the funds as budgeted denies the beneficiaries of the funds the benefits that would accrue from effective budget implementation.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2023 highlighted issues under the report on financial statements and the report on lawfulness and effectiveness in use of public resources. Although Management has indicated in the report on progress made in follow-up of auditor's recommendations that the matters were resolved immediately while others were unresolved, the actual status of the matters will be confirmed after they are discussed by the legislature.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Internal Borrowing

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.44,544,480 as disclosed in Note 11 to the financial statements. The balance is a borrowing by the County Executive which includes Kshs.20,141,100 that has been outstanding for more than two (2) years contrary to Section 142(3) of the Public Finance Management Act, 2012 that stipulates that a County Government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

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

2. Non-Disbursement of Loans

The statement of financial position reflects cash and cash equivalents balance of Kshs.154,313,349 as disclosed in Note 9 to the financial statements. The balance includes Kshs.48,500,000 received during the year for loan disbursements to eligible business groups. However, the Management did not disburse any loans during the year under review due to the expiry of the term of the previous Board on 23 December, 2023.

Failure to provide loan services by the Fund was contrary to Section 6(1) of Turkana County Biashara Fund Act, 2015 that mandates the Fund to provide affordable and competitive credit to both formal and informal traders involved in production and trade in goods and services within Turkana County.

In the circumstances, the Fund Management breached the law and did not meet its objective of providing affordable and competitive credit to formal and informal traders in the County.

3. Long Outstanding Accounts Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.191,444,479 as disclosed in Note 10 to the financial statements. Review of the ageing analysis for the loans revealed that the outstanding loans balance of Kshs.189,203,306 has been outstanding for more than two (2) years. This was contrary to Section 14(7) of the Turkana County Biashara Fund Act, 2015 which provides that repayment of loans may be made up to a maximum period of two (2) years.

In the circumstances, Management breached the law.

The audit was conducted in accordance with ISSAIs 3000 and 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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

Lack of Fund Management Board

During the year ended 30 June, 2024, the Turkana County Biashara Fund operated without a functional Board. The term of the previous Board expired on 23 December, 2023 and as at the time of audit in November, 2024 a new Board or committee had not been appointed.

Failure to appoint substantive Board or Committee affected the operations of the Fund resulting to failure to formulate sound policies to regulate the operation and management of the Fund.

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

Responsibilities of the Management and the Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 Trustees is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2024

The Turkana County Biashara Fund

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

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

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	1,500,000	4,500,000
Total revenue from Non-Exchange Transactions		1,500,000	4,500,000
Revenue from exchange transactions			
Interest income	7	2,832,410	5,542,327
Total revenue from Exchange Transactions		2,832,410	5,542,327
Total revenue		4,332,410	10,042,327
Expenses			
Use of goods and services	8	914,176	4,571,551
Total expenses		914,176	4,571,551
Surplus/deficit from operating activities		3,418,235	5,470,776
Surplus/ (deficit) before tax		3,418,235	5,470,776
Taxation		-	-
Surplus/(deficit) for the Year		3,418,235	5,470,776
Net Surplus for the year		3,418,235	5,470,776


The notes set out on pages 7 to 38 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors/Fund committee by:



.....
Name: : Robert Loyelei

Accounting Officer

Date 18/11/2024



.....
Name: Grace Ewoi

Head of Finance

ICPAK M/No: 25932

Date 18/11/2024

The Turkana County Biashara Fund

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

15. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	9	154,313,349	129,039,667
Receivables from Exchange Transactions	10	191,444,479	189,203,306
Receivables from Non-Exchange Transactions	11	44,544,480	20,141,100
Total Current Assets		390,302,308	338,384,073
Non-Current Assets			
Receivables from Exchange Transactions	10	-	-
Total Non- Current Assets		-	-
Total Assets (A)		390,302,308	338,384,073
Liabilities			
Current Liabilities			
Trade and Other Payables		-	-
Total Current Liabilities		-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		390,302,308	338,384,073
Represented By:			
Reserves		-	-
Accumulated Surplus		(5,821,518)	(9,239,752)
Revolving Fund		396,123,825	347,623,825
Capital Fund		-	-
Net Assets		390,302,308	338,384,073

The receivables amounting to **Kshs.191,444,479** excludes an amount of **Kshs.12,298,014** receivables inherited from the Defunct Local Authorities that has not been officially handed over to the County Government therefore rendering their lawful enforceability impossible. The entity cannot be able to recognize this receivable in its statement of financial of position.

The Turkana County Biashara Fund

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

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors

by:



.....
Name: Robert Loyelei

Accounting Officer

Date 18/11/2024



.....
Name: Grace Ewoi

Head of Finance

ICPAK M/No: 25932

Date 18/11/2024

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

Description	Revaluation reserve	Fair value adjustment reserve	Accumulated surplus	Revolving Fund	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	-	-	(14,710,528)	202,123,825	-	187,413,297
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	5,470,776	-	-	5,470,776
Funds received During the year	-	-	-	145,500,000	-	145,500,000
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2023	-	-	(9,239,752)	347,623,825	-	338,384,073
As at July 1, 2023	-	-	(9,239,752)	347,623,825	-	338,384,073
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	3,418,235	-	-	3,418,235
Funds received During the year	-	-	-	48,500,000	-	48,500,000
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2024	-	-	(5,821,518)	396,123,825	-	390,302,308

The Turkana County Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

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

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	1,500,000	4,500,000
Interest received		5,603	55,698
Total receipts		1,505,603	4,555,698
Payments			
Use of goods and services	8	914,176	4,571,551
Total payments		914,176	4,571,551
Net cash flows from/(used in) operating activities	12	591,428	(15,853)
Cash flows from investing activities			
Proceeds from loan principal repayments		585,634	1,691,350
Loan disbursements paid out		-	(190,000)
Net cash flows from/(used in) investing activities		585,634	1,501,350
Cash flows from financing activities			
Revolving fund receipts		48,500,000	145,500,000
Proceeds from borrowings-Internal Borrowing		17,282,100	1,592,500
Internal borrowings (Executive)		(41,685,480)	(20,141,100)
Net cash flows from financing Activities		24,096,620	126,951,400
Net increase/(decrease) in cash & Cash equivalents		25,273,682	128,436,897
Cash and cash equivalents at the beginning (1st July)	9	129,039,667	602,770
Cash and cash equivalents at the end (30th June)	9	154,313,349	129,039,667

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
Revenue						
Transfers from Other Governments entities	50,000,000	-	50,000,000	50,000,000	-	100
Public Contributions and Donations	-	-	-	-	-	-
Interest income	2,832,410	-	2,832,410	5,603	2,826,807	1
Opening Balance	129,039,667	-	129,039,667	129,039,667	-	100
Total Income	181,872,077	-	181,872,077	179,045,270	2,826,807	98
Expenses						
Use of Goods and Services	1,500,000	-	1,500,000	914,176	585,825	25
Employee costs	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-
Loans	180,372,077	-	180,372,077	-	180,372,077	-
Total Expenditure	181,872,077	-	181,872,077	914,176	180,957,902	-
Surplus for the period	-	-	-	178,131,094	(178,131,094)	-
Capital Expenditure	-	-	-	-	-	-

Budget notes.

The funds could not be disbursed due to absence of the board to approve the operational budget and loan disbursement.

19. Notes to the Financial Statements

1. General Information

Turkana County Biashara Fund was established by and derives its authority and accountability from Turkana County Biashara Fund Act, 2020 Via Kenya Gazette Supplement No.19 (Act 11). The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

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 judgment in the process of applying the fund's accounting policies. The areas involving a higher degree of judgment 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 fund. The financial statements have been prepared in accordance with the PFM Act 2012, the State 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 but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>There is no impact to the fund.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There is no impact to the fund.</i></p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</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> <p><i>There is no impact to the fund.</i></p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.

	<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. <i>There is no impact to the fund.</i></p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</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. <i>There is no impact to the fund.</i></p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</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. <i>There is no impact to the fund.</i></p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</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. <i>There is no impact to the fund.</i></p>

ii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and other charges

The fund recognizes revenues from fees and other charges when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from the 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.

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.

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 FY2023/2024 was approved by the County Assembly on 30th June, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals to conclude the final budget. The Entity did not record any additional appropriations. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an 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 has been presented under section 14 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 Entity 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. 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 the risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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 Entity. 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 *Entity* 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.

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.

a) 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 an 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 the 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 a 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)

b) Financial liabilities

Classification

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

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or 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.

j) 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.

k) 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.

l) 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.

m) Nature and purpose of reserves

The Entity does not create nor maintain reserves in terms of specific requirements.

n) 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.

o) Employee benefits

Retirement benefit plans

The Entity does not provide 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 a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) 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.

q) 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 the construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The fund regards a related party as a person or an Entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Fund board/Committees, Fund Administrator, CECM and senior managers.

s) Service concession arrangements

The fund 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

u) Comparative figures

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

v) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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 is 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 37. 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.

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6. Transfers from Other Government entities

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Unconditional Grants		
Operational Grant	1,500,000	4,500,000
Unconditional development grants	-	-
Other Grants(<i>specify</i>)	-	-
Total Unconditional Grants	1,500,000	4,500,000
Conditional Grants amortised/ transferred to revenue		
Development Grant	-	-
Operational Grant	-	-
Other Organizational Grants (<i>specify</i>)	-	-
Total Government Grants and Subsidies	1,500,000	4,500,000

b) Transfers from Ministry/County Departments

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (2023-2024)	FY 2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Turkana County-CRF	1,500,000	-	48,500,000	50,000,000	150,000,000
Ministry	-	-	-	-	-
Total	1,500,000	-	48,500,000	50,000,000	150,000,000

7. Interest income

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest on loans	2,832,410	5,542,327
Others	-	-
Total Interest income	2,832,410	5,542,327

8. Use of Goods and Services

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Electricity	-	-
Water	-	-
Subscriptions	-	-

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Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Advertising	-	-
Admin Fees	891,900	4,546,900
Audit Fees	-	-
Conferences and Delegations	-	-
Consulting Fees	-	-
Consumables	-	-
Fuel and Oil	-	-
Insurance	-	-
Legal Expenses	-	-
Licenses and Permits	-	-
Postage	-	-
Printing and Stationery	-	-
Hire Charges	-	-
Rent expenses	-	-
Security Costs	-	-
Skills Development Levies	-	-
Inventory Scrapping	-	-
Telecommunication	-	-
Training	-	-
Travel, Subsistence & Other Allowances*	-	-
Bank charges	22,276	24,651
Total	914,176	4,571,551

9. Cash and Cash Equivalents

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Bank balances	154,313,349	129,039,667
On - Call Deposits	-	-
Fixed Deposits Account (<i>below 3 months</i>)	-	-
Others	-	-
Total Cash and Cash Equivalents	154,313,349	129,039,667

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
a) Bank balances			
KCB Bank		154,313,349	129,039,667
Sub- Total		154,313,349	129,039,667
b) On - Call Deposits			
Bank		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
Bank		-	-
Sub- Total		-	-
d) Others (Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		-	-
Grand Total		154,313,349	129,039,667

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10. Receivables from Exchange Transactions

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Current Receivables		
Loan interest receivable	2,826,807	5,486,629
Current Loan Repayments Due	188,617,672	183,716,677
Other (<i>specify</i>)	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	191,444,479	189,203,306
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables from Exchange Transactions	191,444,479	189,203,306

(b) Ageing analysis for Receivables from exchange transactions

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	-	%	189,203,306	100 %
Between 1- 2 years	191,444,479	100 %	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	FY 2023-2024	FY 2022-2023
	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	-	-

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11. Receivables from Non-Exchange Transactions

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
TCG Executive	44,544,480		20,141,100	
Total receivables	44,544,480		20,141,100	
Ageing Analysis- Receivables from non-exchange transactions	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	24,403,380	55%	20,141,100	100%
Between 1-2 years	20,141,100	45%	-	%
Over 3 years	-	%	-	%
Total	44,544,480	100%	20,141,100	100%

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
At the beginning of the year	44,544,480		20,141,100	
Additional provisions during the year	-		-	
Recovered during the year	-		-	
Written off during the year	-		-	
At the end of the year	44,544,480		20,141,100	

12. Cash Generated from Operations

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Surplus/Deficit for the year	3,418,235	5,470,776
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables	(2,826,807)	(5,486,629)
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	591,428	(15,853)

13. 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 the 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 external assessments 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 the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	191,444,479	191,444,479	-	-
Receivables from non-exchange transactions	44,544,480	24,403,380	20,141,100	-
Bank balances	154,313,349	154,313,349	-	-
Total	390,302,308	370,161,208	20,141,100	-
As at 30 June 2023				
Receivables from exchange transactions	189,203,306	189,203,306	-	-
Receivables from non-exchange transactions	20,141,100	20,141,100	-	-
Bank balances	129,039,667	129,039,667	-	-
Total	338,384,073	338,384,073	-	-

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. The Entity has no significant concentration of credit risk. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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

iii) Market risk

The Entity 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 rates, 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 Turkana County Audit Committee and the department of gender and youth affairs is responsible for the development of detailed risk management policies 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 Entity does not have **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 days from the date of the invoice and conversion at the time of

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payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments. The carrying amount of the Entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

FY 2023-2024

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June 2024			
Financial Assets			
Investments	-	-	-
Cash	154,313,349	-	154,313,349
Debtors	-	-	-
Total Financial Assets	154,313,349	-	154,313,349
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	154,313,349	-	154,313,349

Foreign currency sensitivity analysis

FY 2022-2023

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June 2023			
Financial Assets			
Investments	-	-	-
Cash	129,039,667	-	129,039,667
Debtors	-	-	-
Total Financial Assets	129,039,667	-	129,039,667
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	129,039,667	-	129,039,667

Financial Risk Management

The following table demonstrates the effect of 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.

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

Fair value of financial assets and liabilities

a) Financial instruments are 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 fund'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 Fund considers relevant and observable market prices in its valuations where possible.

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Financial Risk Management

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

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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	396,123,825	347,623,825
Accumulated Reserve	(5,821,518)	(9,239,752)
Total Funds	390,302,308	338,384,073
Total Borrowings	-	-
Less: Cash and Bank Balances	154,313,349	129,039,667
Net Debt/(Excess Cash And Cash Equivalents)	(154,313,349)	(129,039,667)
Gearing	3%	3%

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14. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Entity include those parties who have the 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the Entity, holding 100% of the Entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors/Fund Committees.
- vi) Others (*specify*)

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	-	-
Others (specify)	-	-
Total	-	-
b) Purchases from related parties		
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	-	-
Others (specify)	-	-
Total	-	-
c) Grants /transfers from the government		
Grants from National government	-	-
Grants from County government	50,000,000	150,000,000
Donations in kind	-	-
Total	50,000,000	150,000,000
a) Expenses incurred on behalf of related party		
Salaries and wages for employees	-	-

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Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Goods and services	-	-
Others (specify)	-	-
Total		
b) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

15. Segment Information

The entity is not segmented.

16. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

Contingent Liabilities

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

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17. Capital Commitments

Capital Commitments	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

18. Events after the Reporting Period

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

19. Ultimate And Holding Entity

The entity is a County Public Fund established by Turkana County Biashara Fund Act,2015 under the Ministry of Trade, Co-operatives, Gender, and Youth Affairs. Its ultimate parent is the County Government of Turkana.

20. 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)
	Undisclosed Loans	The amount of Kshs.12,298,014 is among the assets and liabilities currently being considered for a hand over to all counties by the Inter-Governmental Relations Technical Committee. A report containing a schedule of these outstanding loans was presented to the Inter-Governmental Counties Committee on Devolved Assets & Liabilities in December 2019, where a formal transfer is expected to be arranged through Council of Governors and the	Not resolved	June,2025


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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)
		Ministry of Industrialization, Trade & Enterprise Development.		
	Budgetary Control and Performance	The applications for phase 2 loans have already been received awaiting vetting and disbursement. This delay was necessitated by lack of sufficient funds to support the vetting process and fund launch.	Not resolved	December,2024
1	Irregular Internal Borrowing	Internal Lending is approved by the County Executive Committee member for Finance and Economic Planning. Going forward the management will seek approvals from the County Assembly.	Resolved	June,2024
2	Receivables from Exchange Transactions	The management intends to undertake mass sensitization across the entire county to educate the loanees on the main objective of the fund and their obligations to repay the loans. The management has already designed loan agreements	Resolved	June,2024

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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)
		that will be utilised going forward. Future loans will also be insured.		



.....
Fund Administrator

Date: 18/11/2024

Appendix II: Projects implemented by Turkana County Biashara Fund.

The fund does not undertake development projects.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
None						

Status of Project Completion

The fund does not undertake development projects.

S/No	Project Name	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
None							

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Appendix IV: Transfers from Other Government Entities

Name of the Entity Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Reserve	Deferred Income	Receivables	Others - must be specific	
Turkana County Government		Recurrent	-	-	-	-	-	-	-
Turkana County Government	04/01/2024	Development	50,000,000	1,500,000	48,500,000	-	-	-	50,000,000
Total			50,000,000	1,500,000	48,500,000	-	-	-	50,000,000

The Turkana County Biashara Fund

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

Appendix V- Inter-Entity Confirmation Letter

Name of transferring entity: Turkana County Government

Name of beneficiary entity: Turkana County Biashara Fund

Confirmation of amounts received by Turkana County Biashara Fund as at 30 th June,2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	04/01/2024	0	50,000,000	50,000,000	
Total		0	50,000,000	50,000,000	

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

Head of Accounts Department - Disbursing Entity:
Name Benson Ewilo Sign [Signature] Date 18/11/2024

Head of Accounts Department - Beneficiary Entity:
Name GRACE ENOI Sign [Signature] Date 18/11/2024

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		
None									

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
None						