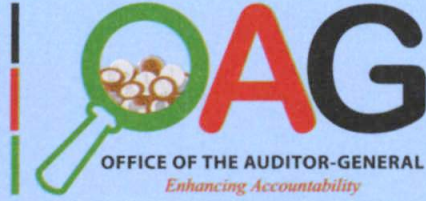


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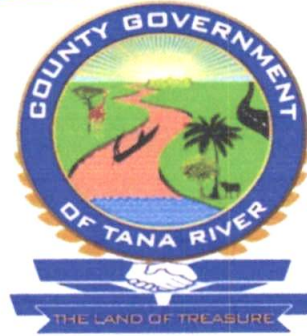
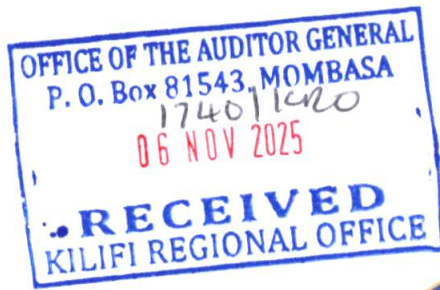
THE AUDITOR-GENERAL

PAPERS LAID	
ON	DATE: 18/2/26
	TABLED BY: Gen. telegwe
	COMMITTEE:
	CLERK AT THE TABLE: Polycarp

TANA RIVER COUNTY INUKA FUND

FOR THE YEAR ENDED
30 JUNE, 2025

dy



TANA RIVER COUNTY INUKA FUND

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

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

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1. Acronyms and Glossary of Terms

a) Acronyms

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

Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility.
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2. Key Entity Information and Management

a) Background Information

Tana River County Inuka Fund is established by and derives its authority and accountability from Tana River County Inuka Fund (Amendment Act, 2020) . The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The fund's objective is to provide affordable and competitive credit to individuals operating micro small and medium enterprises, cooperatives and groups involved in small scale production.

The Fund's principal activity is to be a wholesale lender to individuals, groups and cooperatives including youth, women and people living with disabilities to empower in creation of employment and provide alternative source of funding.

Guiding principles of the fund are:

- i) Public participation and financial inclusiveness ii) Donor linkages and participation
- iii) Protection of the interest of the marginalized, persons with disability, women, and youths; and local ownership and sustainability.

b) Principal Activities

Vision of the Fund: To provide affordable and accessible credit to the business community of Tana River County.

Mission of the Fund: To create a community that is self- reliant by accessing sustainable and affordable business financing.

Geographical limitations of the Fund: The fund will be offered to only the residences of Tana River County who are engaged in business.

The principal activity of the Fund is to:

- (i) Provide affordable and competitive credit to the successful applicants.
- (ii) Provide opportunity to small scale entrepreneurs to gain commercial experience to enable them to play their part in industrial and commercial development of the county. (iii) Provide enterprise development services.
- (iv) Enhance the small and medium enterprises' competitiveness as they graduate into bigger vibrant enterprises.
- (v) Perform any other lawful function for the purposes of promoting enterprise and entrepreneurship development in the county.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Frankfaith Ddaiddo Makorani	Chairperson of the Board
2	Aisha Nuru Omar	Board Member
3	Bilison Komora	Board Member
4	Ramadhan Dara	Board Member
5	Mariam Abdalla Bunu	Board Member
6	Eric Wesonga Arua	Board Member
7	Galgalo Jarso Jillo	Fund Administrator

d) Key Management Steam

Ref	Name	Position
1	Galgalo Jarso Jillo	Fund Administrator
2	Erick wesonga Arua	Board Member
3	Frankfaith Ddaiddo Makorani	Chairperson of the Board
4	Cornelius Ongweko Wamukoya	Fund Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Patrick Njoroge

f) Registered Offices

P.O. Box 29 -70101
Trade House
Council Road Hola,
Kenya.

g) Fund Contacts

Telephone: (254) 728868143
E-mail: info@tanariver.go.ke
Website: www.tanariver.go.ke

h) Fund Bankers

Kenya Commercial Bank
Hola Branch
P. O. Box 100 – 70101 Hola,
Kenya.

i) Independent Auditors




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

j) Principal Legal Adviser

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

Tana River County Inuka Fund
Annual Report and Financial Statements For the year ended 30th June 2025

3. The Tana River County Inuka Fund Board




Name	Details of qualifications and experience
<p>1. Galgalo Jarso Jillo</p> 	<p>Funds administrator Bachelors degree in Commerce CPA Experience 18 years in Banking, finance and credit management, Risk analyst.</p>
<p>2. Frankfaith Makorani Ddaiddo</p> 	<p>Chairperson of the Inuka Board. Since the inception of the fund as from 4th August 2021. Masters Degree in Business Administration(Strategic Management) Bachelor of Arts (Corporate Leadership & Governance) Experience 20years in Management</p>
<p>3. Bilison Komora</p> 	<p>Board member representing People Living with Disabilities (PLWDs). Media personality working at Tana FM radio in Hola.</p>


Tana River County Inuka Fund

Annual Report and Financial Statements For the year ended 30th June 2025

<p>4. Aisha Nuru Omar</p> 	<p>Bachelor of Commerce (Finance Option) degree from the University of Nairobi.</p> <p>Board Member representing Women and the Youth.</p>
<p>5. Ramadhan Dara Guye</p> 	<p>Board Member representing the Chamber of Commerce Diploma in HRM in University of Nairobi He has over 50 years' experience in leadership.</p>
<p>6. Erick Wesonga Arua</p> 	<p>County Chief Officer, Trade and Tourism Development. Board member.</p> <p>Bachelor's degree in Education Experience 7 years working as administrator.</p>

4. Management Team

Name	Details of qualifications and experience
<p>1. Frankfaith Makorani Ddaiddo</p> 	<p>Chairperson of the Inuka Board. Since the inception of the fund as from 4th August 2021. Master's Degree in Business Administration(Strategic Management) Bachelor of Arts (Corporate Leadership & Governance) Experience 20years in Management</p>
<p>2. Galgalo Jarso Jillo</p> 	<p>Funds administrator Bachelors degree in Commerce CPA Experience 18 years in Banking, finance and credit management, Risk analyst</p>
<p>3 . Erick Wesonga Arua</p> 	<p>County Chief Officer, Trade and Tourism Development. Board member. Bachelor's degree in Education Experience 7 years working as administrator.</p>

<p>4. Cornelius O. Wamukoya</p> 	<p>Accountant of the Tana River County Inuka fund. Bachelor's degree in Business Administration (Accounting) from Maseno University.</p> <p>Certified Public Accountant.</p>
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5. Board Chairperson's Report

The Tana River County Inuka Fund Board came into office on 4th August 2021.

The fund embarked on trainings and recovery of the funds disbursed.

During the financial year 2024/2025, the fund did not receive any additional funding from the County treasury.

Name: Frankfaith Ddaiddo

Signature..... Date.....30/06/2025

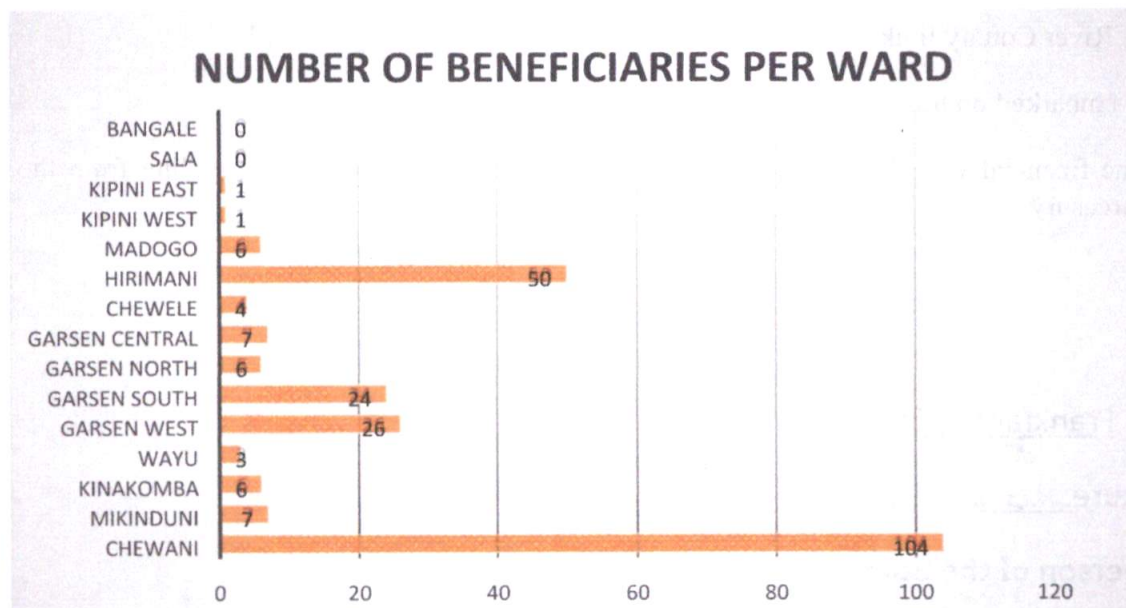
Chairperson of the Board

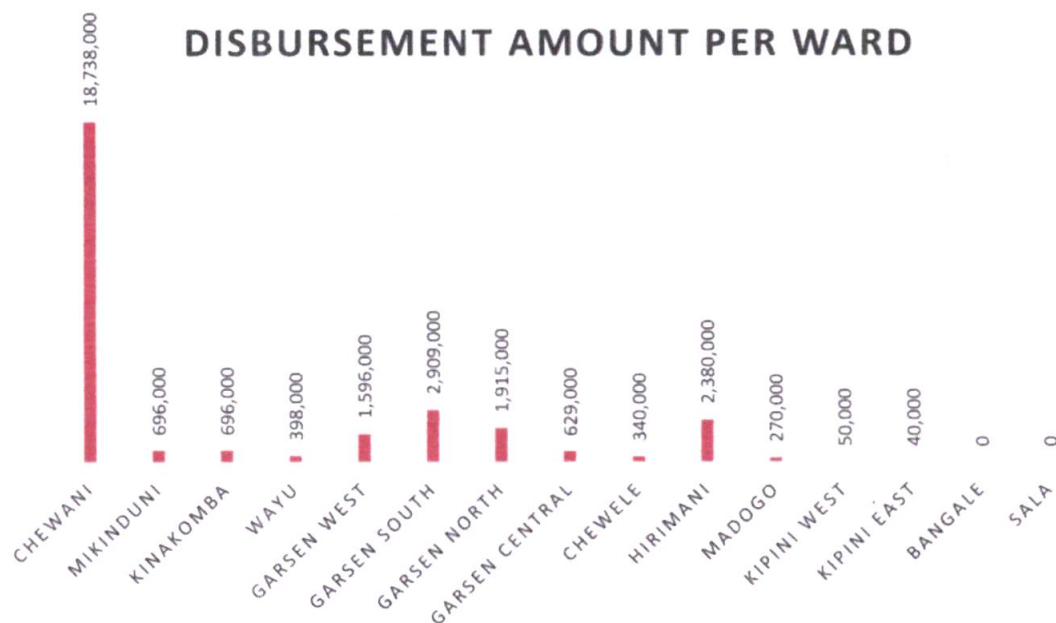
6. Report of The Fund Administrator

During the financial year 2024/2025, the fund did not receive any additional funding from the County treasury.

There were no disbursements made in the financial year 2024/2025.

The fund prioritized on loan collections and trainings.





There are a number of challenges that has marred the fund:

- Lack of sufficient funding to operate the fund.
- Large geographical coverage of the County which make it difficult to reach all parts.
- Lack of physical office space for the fund operate in.
- The politicization of the fund by the political class.

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

Introduction

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

The key development objectives of the Fund are to:

- a) Provide affordable and competitive credit to the successful applicants.
- b) Provide 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) Perform any other lawful function for the purposes of promoting enterprise and entrepreneurship development in the county.

Progress on attainment of Strategic development objectives

Below is the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
(i) Provision of affordable and competitive credit to the successful applicants.	To ensure all youth, women and PLWDs of Tana River County, who are in business, have access to affordable credit facilities.	Four hundred and Three (403) individuals successfully applied.	245, which translated to, 61% of the applicants are enjoying the facility.	During FY 2023/24 245 beneficiaries accessed the facility and were able to enhance their businesses.

8. Corporate Governance Statement

There was change in Management and board composition during the financial year ended 2024/2025.

Jahi Halua Dhaadho who is the County Chief Officer Trade and Tourism development replaced Buya Phares.

Galgalo Jarso Jillo replaced Awadh Barisa Shehe as the fund administrator.

The board plays a supervisory role in the management of the fund.

The performance of the board is excellent and satisfactory.

All the transactions are carried out with high levels of integrity as per the guidance of Chapter 6 of the Constitution 2010.

9. Management Discussion and Analysis

The operation of the fund during the financial year 2024/2025 ran smoothly under the supervision of the inuka board as per the regulation.

The fund management team ensured strict compliance to the regulations and proper book keeping of records.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Tana River County Inuka Fund is a revolving fund and the Board and management, in general, are keen to ensure the organization is a going concern. The Board is ardent on repayment of the funds disbursement in order to have others benefit in future.

2. Environmental performance

This fund has no distinct environmental policy but is guided by the policies developed by the County department of Environment and Natural resources.

3. Employee welfare

The Tana River County Inuka Fund does not have employees directly under it but using staff deployed to the department of Trade. There are also three Sub County Management Committees which are involved in fund activities. These officers plus the Board were inducted and trained on matters of fund management.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The fund practice fair play in the administration of the fund. The applicants are administered on first-come-first-served basis and are also passed through rigorous vetting before being successful at Sub County and Board levels.

b) Responsible Supply chain and supplier relations – Tana River County Inuka Fund does not intensively involve in Procurement activities. There was only one procurement activity that was competitively awarded and completed successfully.

5. Corporate Social Responsibility / Community Engagements

The fund did not engage in direct Corporate Social Responsibility activities during the period. The fund had been keen to improve and prioritize the welfare of the People Living with Disabilities (PLWDs).

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which shows the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to:

- (i) Provide affordable and competitive credit to the successful applicants.

- (ii) Provide opportunity to small scale entrepreneurs to gain commercial experience to enable them to play their part in industrial and commercial development of the county.
- (iii) Provide enterprise development services.
- (iv) Enhance the small and medium enterprises' competitiveness as they graduate into bigger vibrant enterprises.
- (vi) Perform any other lawful function for the purposes of promoting enterprise and entrepreneurship development in the county.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 5

Trustees

The members of the Board of Trustees who served during the year are shown on page vii to ix. There were changes in the Board during the financial year.

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



Chair of the Board/Fund Administration Committee

Date: 30th June 2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Tana River County Inuka Fund Act, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Tana River County Inuka Fund Act, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th June 2025 and signed on its behalf by:



.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
-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 TANA RIVER COUNTY INUKA FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tana River County Inuka Fund set out on 19 pages 70 which comprise the statement of financial position as at

30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tana River County Inuka Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Tana River County Inuka Fund (Amendment) Act, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate and Unsupported Interest Income

The statement of financial performance reflects revenue from non-exchange transactions totalling to Kshs.1,353,118 which relates to fines, penalties and other levies as disclosed in Note 3 to the financial statements. However, the detailed schedule indicating name of loanee, opening loan balance, loans issued, interest rate applicable, standard repayment period, repayments and outstanding balances was not provided. In addition, interest has been accrued on the receivables balance of Kshs.28,666,350 instead of the total loan book balance of Kshs.64,534,833 while the income has been wrongly classified as revenue from non-exchange transactions instead of revenue from exchange transactions.

In the circumstances, the accuracy and completeness of the revenue from non-exchange transactions totalling to Kshs.1,353,118 could not be confirmed.

2. Unsupported Current Portion of Long-Term Receivables from Exchange Transactions Balance

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.64,534,833 as disclosed in Note 13 to the financial statements. However, the balance includes other exchange debtors (TRCG Treasury debt) balance of Kshs.34,515,365 in respect of garnishee order payments made from the Fund bank account. However, documentation to support the other exchange debtors (TRCG Treasury debt) balance was not provided.

In the circumstances, the accuracy, completeness and recoverability of current portion of long-term receivables from exchange transactions balance of Kshs.64,534,833 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana River County Inuka 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

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.9,426,404 and of Kshs.9,370,153 respectively resulting in under-funding of Kshs.56,251 or 0.0 % of the budget. Similarly, the Fund spent Kshs.7,287,664 against actual revenue of Kshs.9,370,153 resulting to an under-utilization of Kshs.2,082,489 or 22 % of the receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

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 effect of 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

In the prior years' audit reports, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following eight (8) matters remained unresolved.

No	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Annual Report and Financial statements
2	2023/2024	Receivables from Exchange Transactions
3	2023/2024	Inadequate Capital Fund
4	2023/2024	Failure to Provide Loan Discharge Certificates
5	2023/2024	Failure to Prepare Quarterly Reports to the Assembly
6	2023/2024	Unsupported Loan Disbursement
7	2023/2024	Failure to Prepare Annual Work Plan and Budget
8	2023/2024	Failure to Receipt Loan Repayments

Other Information

The Management is responsible for the Other Information set out on page 4 to 17 which comprise of Key Entity Information and Management, Tana River County Inuka Fund Board, Management Team, Report of the Fund Administrator, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

The financial statements presented for audit did not include the date when the financial statements were approved as prescribed and published by the Public Sector Accounting Standards Board (PSASB). The financial statement page numbers 1 to 17 are in numerical instead of roman numbers. The Board chairperson's report, Report of the Fund Administrator, Statement of Performance against the Fund's Predetermined Objectives, Corporate Governance Statements, Management Discussion and Analysis, Report of the Trustees and the Statement of Management's responsibilities are all not in PSASB format. The statement of cashflows reflects Note 24 instead of Note 25.

In the circumstances, Management did not comply with Kenya Public Sector Accounting Standards Board reporting requirements.

2. Excessive Expenditure on Administration Costs

The statement of financial performance reflects expenditure on use of goods and services totalling to Kshs.7,287,664 and as disclosed in Note 7 to the financial

statements. However, the cost should have been limited to three percent (3%) of the Fund's approved budget of Kshs.9,426,404 which translates to Kshs.282,792 resulting to excessive administration expenditure of Kshs.7,004,872. This was contrary to Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

Tana River County Inuka Fund
Annual Report and Financial Statements For the year ended 30th June 2025

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

Description	Note	2024– 2025	2023 – 2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	0	0
Fines, Penalties and Other Levies	3	1,353,118	1,171,855
		1,353,118	1,171,855
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	0	15,000
		0	15,000
Total Revenue		1,353,118	1,186,855
Expenses			
Employee Costs	6	-	-
Use of Goods and Services	7	7,287,664	5,167,351
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		7,287,664	5,167,351
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on Fair Value of Investments	11	-	-
Surplus/(Deficit) for the Period		(5,934,547)	(3,980,496)

(The notes set out on pages 28 to 69 form an integral part of these Financial Statements)

Tana River County Inuka Fund
Annual Report and Financial Statements For the year ended 30th June 2025



.....

Name: Galgalo Jarso Jillo
Administrator of the Fund



.....

Name: Cornelius Wamukoya
Fund Accountant
ICPAK Member Number: 20531

15. Statement of Financial Position as at 30th June 2025

Description	Note	2024 – 2025	2023 - 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	679,997	8,017,033
Current Portion of Long-Term Receivables from Exchange Transactions	13	64,534,833	62,632,34
Prepayments	14		
Total Current Assets		65,214,830	70,649,376
Non-Current Assets			
Long Term Receivables from Exchange Transactions	13	-	500,000
Investment Property	19	-	-
Total Non-Current assets		-	500,000
Total Assets		65,214,830	71,149,376
Liabilities			
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Total Liabilities		-	-
Net Assets		65,214,830	71,149,376
Represented By:			
Revolving Fund		51,535,376	51,535,376
Reserves		-	-
Accumulated Surplus		13,679,454	19,614,000
Total Net Assets and Liabilities		65,214,830	71,149,376

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on ____30th JUNE _____ 2025 and signed by:

Tana River County Inuka Fund
Annual Report and Financial Statements For the year ended 30th June 2025



.....

Name: Galgalo Jarso Jillo
Administrator of the Fund



.....

Name: Cornelius Wamukoya
Fund Accountant
ICPAK Member Number: 20531

Tana River County Inuka Fund
Annual Report and Financial Statements For the year ended 30th June 2025

16. Statement of Changes in Net Assets for the Year Ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	51,535,376	-	23,594,496	75,129,872
Surplus/(Deficit) For the Period		-	(3,980,496)	(3,980,496)
Funds Received During the Year	-	-	-	-
Transfers		(-)	(-)	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	51,535,376	-	19,614,000	71,149,376
Balance As At 1 July 2024	51,535,376	-	19,614,000	71,149,376
Surplus/(Deficit) For the Period	-	-	(5,934,547)	(5,934,547)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	51,535,376	-	13,679,454	65,214,830

Tana River County Inuka Fund

Annual Report and Financial Statements For the year ended 30th June 2025

17. Statement of Cash Flows for The Year Ended 30th June 2025

Description	Note	2024 – 2025	2023 – 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public Contributions and Donations		-	-
Transfers from the County Government			
Interest Received		-	-
Receipts from other Operating Activities		15,000	21,395
Total receipts		15,000	21,395
Payments			
Employee Costs		-	-
Use of Goods and Services		7,287,664	(5,167,351)
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
Total Payments		7,287,664	(5,167,351)
Net Cash flows from Operating Activities	24	-7,272,665	(5,145,956)
Cash flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible Assets		-	-
Proceeds from Sale of Property, Plant & Equipment		-	-
Proceeds from Loan Principal Repayments		329,200	1,254,250
Loan Disbursements Paid Out		-	(500,000)
Net Cash flows Used in Investing Activities		329,200	754,250
Cash flows from Financing Activities			
Proceeds from Revolving Fund Receipts		-	-
TRCG Treasury Fund (Garnishee Orders)		(393,574)	(34,121,791)

Tana River County Inuka Fund

Annual Report and Financial Statements For the year ended 30th June 2025

Repayment of Borrowings		(-)	(-)
Net Cash flows Used in Financing Activities		(393,574)	(34,121,791)
Net increase/(decrease) in Cash & Cash Equivalents		(7,337,039)	(38,513,497)
Cash and Cash Equivalents at 1 July 202		8,017,035	46,530,532
Cash and Cash Equivalents at 30 June 202		679,997	8,017,035

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

Tana River County Inuka Fund

Annual Report and Financial Statements For the year ended 30th June 2025

18. Statement of Comparison of Budget and Actual Amounts for the Period for the year ended 30 June 2025

Description	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Loan application fees	-	-	-	-	-	-
Transfers from County Govt.	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Penalties for defaulted loans	1,409,369	-	1,409,369	1,353,118	56,252	96%
Bank balance f/wd	-	8,017,035	8,017,035	8,017,035	-1,409,369	100%
Total Income	1,409,369	8,017,035	9,426,404	9,370,153	-1,353,117	99%
Expenses						
Travel and Accommodation	-	3,500,000	3,500,000	3,342,000	158,000	95%
Bank charges	-	30,000	30,000		30,000	0%
Domestic Travel costs	-	70,000	70,000		70,000	0%
Printing and Stationery	-	50,000	50,000		50,000	0%
Board sitting allowance	-	1,867,035	1,867,035	1,657,550	209,485	89%

Tana River County Inuka Fund
Annual Report and Financial Statements For the year ended 30th June 2025

Advertising expenses	-	100,000	100,000	70,000	30,000	70%
Training expenses	-	1,400,000	1,400,000	1,250,000	150,000	89%
Administration Fee	1,409,369	1,000,000	2,409,369	968,114	1,441,255	40%
Total Expenditure	1,409,369	8,017,035	9,426,404	7,287,664	2,138,740	77%
Surplus for the Period	-	-	-	2,082,489	785,623	
Capital Expenditure	63,132,341	-	63,132,341	329,200	62,803,141	1%

19. Notes to the Financial Statements

1. General Information

Tana River County Inuka Fund is established by and derives its authority and accountability from Tana River County Inuka Fund Act, 2016. The entity is wholly owned by the Tana River County Government and is domiciled in Kenya. The entity's principal activity is to provide affordable loans to the youth and women and People living with Disability.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

- (i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

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

Standard	Effective date and impact
-----------------	----------------------------------

- Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The standard does not apply to this fund.

IPSAS 42: Social

Benefits

Applicable: 1st January 2023

The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:

- (a) The nature of such social benefits provided by the Entity;

Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p>The standard does not apply to this fund.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The standard does not apply to this fund.</p>

<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p>
Standard	Effective date and impact
	<ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>The standard does not apply to this fund.</p>

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

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows 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>The standard does not apply to this fund.</p>
Standard	Effective date and impact:

IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard does not apply to this fund.</p>
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(iii) Early adoption of standards

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Tana River County Inuka Fund's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of on the FY 2024/2025 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, Plant and Equipment

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

d) Intangible Assets

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

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) 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 Tana River County Inuka Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

k) Contingent assets

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

l) Nature and purpose of reserves

The Tana River County Inuka Fund creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

The Tana River County Inuka Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Employee benefits – Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future

Summary of Significant Accounting Policies (Continued)

contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) 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.

p) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

q) Related parties

The Tana River County Inuka 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 directors, the CEO and senior managers.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Summary of Significant Accounting Policies (Continued)

s) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

Summary of Significant Accounting Policies (Continued)

c) Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Notes to The Financial Statements

1. Public Contributions and Donations

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

2. Transfers from County Government

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Transfers from County Govt. – Operations	00.00	00.00
Payments by County on Behalf of The Entity	-	-
Unconditional Development Grants	-	-
Total	00.00	00.00

3. Fines, Penalties and Other Levies

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Late Payment Penalties	1,353,118	1,171,855
Fines	-	-
Total	1,353,118	1,171,855

4. Interest Income

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs

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Interest Income from Loans	-	-
Interest Income from Investments in Financial Assets	-	-
Interest Income on Bank Deposits	-	-
Total Interest Income	-	00.00-

Notes to the Financial Statements Continued

5. Other Income

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from loan application fees	-	15,000
Bad Debts Recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	15,000

6. Employee Costs

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Total	-	-

7. Use of Goods and Services

Description	2024– 2025	2023 - 2024
-------------	------------	-------------

Tana River County Inuka Fund

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	Kshs	Kshs
General Office Expenses		
Professional Services Costs	-	-
Administration Fees	968,114	
Travel and Accommodation	3,342,000	2,438,700
Bank Charges	-	10,371
Electricity And Water Expenses	-	-
Fuel And Oil Costs		
Domestic Travel Costs	-	760,000
Printing And Stationery	-	1,013,280
Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Board Sitting Allowance	1,657,550	475,000
Advertising Expenses	70,000	70,000
Training Expenses	1,250,000	400,000
Total	7,287,664	5,167,351

8. Depreciation and Amortization Expense

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Property Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance Costs

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

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10. Gain/(Loss) on Disposal of Assets

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/(Loss) on Fair Value Investments

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Investments at Fair Value-Equity Investments	-	-
Fair value – Investment Property	-	-
Fair value – Other Financial Assets	-	-
Total Gain	-	-

Notes to the Financial Statements Continued

12. Cash and Cash Equivalents

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Tana River County Inuka Fund Main Account	449,602	5,555,642
Tana River County Inuka Fund Admin Account	4,767	97,758
Tana River County Inuka Fund Loan Account	225,628	2,363,635

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On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	679,997	8,017,035

Notes to the Financial Statements Continued

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

Financial Institution	Account Number	2024– 2025	2023 - 2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub - Total		-	-
c) Current Account			
Tana River County Inuka Fund Main	1272981193	449,602	5,555,642
Tana River County Inuka Fund Admin	1272981223	4,767	97,758
Tana River County Inuka Fund Loan	1272981088	225,628	2,363,635
Sub - Total		679,997	8,017,035
d) Others			
Cash In Transit		-	-
Cash In Hand		-	-
Sub - Total		-	-
Grand Total		679,997	8,017,035

Tana River County Inuka Fund
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13. Receivables from Exchange Transactions

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Current Receivables		
Interest Receivable/Fines, Penalties and Other Levies	1,353,118	-
Current Loan Repayments Due	28,666,350	28,510,550
Other Exchange Debtors (TRCG Treasury Debt)	34,515,365	34,121,791
Less: Impairment Allowance	(-)	(-)
Total Current Receivables	64,534,833	62,632,341
Non-Current Receivables		
Long Term Loan Repayments Due	-	500,000
Total Non-Current Receivables	-	500,000
Total Receivables From Exchange Transactions	64,534,833	63,132,341

Notes to the Financial Statements Continued

Additional Disclosure on Interest Receivable

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

14. Prepayments

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments –Loan repayment suspense Account	-	-
Total	-	-

15. Inventories

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at the Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

16. Investments in Financial Assets

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-

Tana River County Inuka Fund

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Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

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

e) Shareholding in other Entities

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

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

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Notes to The Financial Statements (Continued)

17. Property, Plant and Equipment

	Land and Buildings	Motor Vehicles	Furniture and Fittings	Computers and Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2024	-	-	-	-	-
At 1st July 2024					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2025	-	-	-	-	-
Depreciation And Impairment					
At 1st July 2023	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2024	-	-	-	-	-
At 1st July 2024					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2025	-	-	-	-	-

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Net Book Values						
At 30 th June 2024	-	-	-	-	-	-
At 30 th June 2025	-	-	-	-	-	-

Notes to The Financial Statements (Continued)

18. Intangible Assets

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of the Year	-	-
NBV	-	-

19. Investment Property

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

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Notes to The Financial Statements (Continued)

20. Trade and Other Payables from Exchange Transactions

Description	2024– 2025		2023 - 2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2024 - 2025	% of the Total	2023 - 2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

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

21. Provisions

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

Notes to The Financial Statements (Continued)

22. Borrowings

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

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

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Notes to The Financial Statements (Continued)

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

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

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

Total	-	-
--------------	---	---

Notes to The Financial Statements (Continued)

23. Employee Benefit Obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023 – 2024	2022 – 2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Health Social Benefit Scheme	-	-
Unemployment Social Benefit Scheme	-	-
Orphaned and Vulnerable Benefit Scheme	-	-
Elderly Social Benefit Scheme	-	-
Bursary Social Benefits	-	-
Total	-	-
Current Social Benefits	-	-
Non-Current Social Benefits	-	-
Total (tie to totals above)	-	-

Notes to The Financial Statements (Continued)

25. Cash Generated from Operations

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Surplus/(Deficit) For the Year Before Tax	-5,934,547	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	-1,353,118	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	-1,049,374	(-)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-7,272,665	-

Notes to The Financial Statements (Continued)

26. Related Party Balances

a) Nature of Related Party Relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities: a) The County Government;

- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related Party Transactions

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

c) Key Management Remuneration

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

d) Due from Related Parties

Description	2024– 2025	2023 - 2024
	Kshs	Kshs
Due From Parent Ministry	-	-

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Due From County Government	34,515,365	34,121,791
Total	34,515,365	34,121,791

This amount was an amount wired to an advocate because of a Court case that affect the Tana River County Government. It is to be refunded.

Other Disclosures

**Continued e) Due to
Related Parties**

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

27. Contingent Assets and Contingent Liabilities

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

Notes to The Financial Statements (Continued)

28. Financial Risk Management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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The Fund's financial risk management objectives and policies are detailed

below: **a) Credit Risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	64,534,833	64,534,833	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	679,997	679,997	-	-
Total	65,214,830	65,214,830	-	-
At 30 June 2024				
Receivables From Exchange Transactions	63,132,341	63,132,341	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	8,017,035	8,017,035	-	-
Total	71,149,376	71,149,376	-	-

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

Notes to The Financial Statements (Continued)

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

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

b) Liquidity Risk Management

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

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

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

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Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes to The Financial Statements (Continued)

c) Market Risk

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

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

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

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

i. Foreign Currency Risk

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

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

Description		Other Currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-

Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes to The Financial Statements (Continued)

Foreign Currency Sensitivity Analysis

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

Description	Change in Currency Rate	Effect on Surplus/ Deficit	Effect on Equity
	Kshs	Kshs	Kshs
2024 - 2025			
Euro	10%	-	-
USD	10%	-	-
2023 - 2024			
Euro	10%	-	-
USD	10%	-	-

ii. Interest Rate Risk

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

Management of Interest Rate Risk

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

Sensitivity Analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Notes to The Financial Statements (Continued)

d) Capital Risk Management.

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

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Revolving Fund	51,535,376	51,535,376
Accumulated Surplus	13,679,454	19,614,000
Total Funds	65,214,830	71,149,376
Total Borrowings	-	-
Less: Cash and Bank Balances	(679,997)	(8,017,035)
Net debt/(Excess Cash and Cash Equivalentents)	64,534,833	63,132,341
Gearing	0%	0%

29. Events after the Reporting Period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Tana River County Inuka Fund Act, 2016 under the Department of Trade, Tourism and Industry. Its ultimate parent is the County Government of Tana River.

31. Currency

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

20. Annexes

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

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

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	The financial statements did not include the Statement of Performance against the Fund's Predetermined Objectives, Corporate Governance Statement and the Statement on Management Discussion and Analysis.	These statements were included and are part of the audited financial statements.	Resolved	N/A
2	The Statement of Changes in Net Assets reflects Nil surplus for the year. However, the Statement of financial performance reflects a surplus for the year of Kshs. 25,321,939 resulting to an unexplained variance of Kshs. 25,321,939.	The stated figure of Kshs. 25,321,939 do appear in the Statement of Changes in Net Assets.	Resolved	N/A

Tana River County Inuka Fund Administrator

Date. 30TH JUNE 2025

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Annex II: Inter - Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund] [Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

Tana River County Inuka Fund

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

Head of Accountants department of beneficiary Fund:

Name Georgina Iwa Sign [Signature] Date 30/06/2025

Tana River County Inuka Fund

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Annex III: Reporting of Climate Relevant Expenditures

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

There were no climate relevant expenditures during the period. ***

Annex IV: Reporting on Disaster Management Expenditure

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

There was no disaster management expenditure during the period. ***