

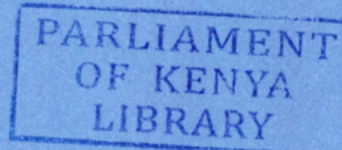
REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

OF



**THE AUDITOR-GENERAL**

ON

**MOMBASA COUNTY ASSEMBLY CAR  
LOAN AND MORTGAGE FUND**

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

PAPERS LAID	
DATE	7/3/24
TABLED BY	S m c
COMMITTEE	
CLERK AT THE TABLE	Chump



Revised 30<sup>th</sup> June 2023



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**MOMBASA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**

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

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





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**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**Mombasa County Assembly Car Loan and Mortgage Fund  
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**1. Acronyms and Glossary of Terms**

a) Acronyms

CASB	County Assembly Service Board
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
MOU	Memorandum of Understanding
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
SRC	Salaries and Remuneration Commission

b) Glossary of Terms

Fiduciary Management      The key management personnel who had financial responsibility  
*Provide a list of Acronyms and Key terms used in the financial report as per above example. The list to be exhaustive)*



**Mombasa County Assembly Car Loan and Mortgage Fund  
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**2. Key Entity Information and Management**

**a) Background information**

County Assembly of Mombasa Car loan & Mortgage Fund is established by and derives its authority and accountability vide County Assembly Members and Staff Car Loan Regulations (2018), duly gazetted under Kenya Gazette Supplement N0.2 dated 27<sup>th</sup> March'2018. The Fund is wholly owned by the County Government of Mombasa and is domiciled in Kenya.

The fund's objective is to advance loans to staff and Members of the County Assembly at competitive rates as guided by circulars from Salaries and Remuneration Commission (SRC) on Car Loan & Mortgage Schemes for State Officers and other public officers.

The Fund's principal activity is to source for funding from the Controller of Budget, through the County Treasury, advance loans to Members of the Assembly and recover through payroll check off system and plough back the same to the revolving fund for further issuance of loans to qualifying members of the Assembly.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to issue affordable loans to staff and members of the County Assembly of Mombasa and recover the same vide payroll deductions to ensure the fund is revolving, self-sustaining and that all loans issued are duly recovered before end of the Assembly (five years of representation for MCA's).

**c) Board of Trustees/Fund Administration Committee**

Ref	Position	Name
1	Chairperson	Salim Juma Mwalimu
2	Member	Hon.Ali Omar Shariff
3	Member	Hon.Kibwana Swaleh Baya
4	Member	Hon.Athman Rama Mwamwiri
5	Member	Clara Wonge Mwachoki
6	Member	Penina Mwikali James
7	Member	Paul Mutungi Mulila
8	Member	Abdalla Ali Abeid
9	Member	Alfred Jilo Kidai
10	Member	Christine Aqua Mududa
11	Member	Aswif Abdalla Amur

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Key Entity and Management (Continued)**

**d) Key Management Team**

Ref	Position	Name
1	Fund Manager/ Administrator	Salim Juma Mwalimu
2	Fund Accountant	Paul Mutungi Mulila
3	Member of County Assembly	Hon. Athman Rama Mwachiri
4	Member of County Assembly	Hon. Ali Omar Shariff
5	Director, Human Resource	Clara Wonge Mwachoki
6	Payroll Manager	Penina Mwikali James

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	
2	Committee on Finance, Budget and Appropriation	
3	Public Accounts Committee	

**f) Registered Offices**

County Assembly Building  
P.O. Box 80438 80100  
Mombasa  
KENYA

**g) Fund Contacts**

Telephone: (+254) 41 2311 025  
E-mail: [info@mombasaassembly.go.ke](mailto:info@mombasaassembly.go.ke) Website:  
[www.mombasaassembly.go.ke](http://www.mombasaassembly.go.ke)

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya



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**Key Entity and Management (Continued)**

2. SBM Bank (K) Ltd  
Old Town Branch  
Mombasa  
Kenya

3. Gulf African Bank  
Bondeni Branch  
Mombasa  
Kenya

**i) Independent Auditors**

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

**j) Principal Legal Adviser**





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

**k) County Attorney**

The County Attorney  
P.O. Box 81599  
GPO 80100  
Mombasa, Kenya





**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**3. Board of Trustees/ Fund Administration Committee**

Name	Details of qualifications and experience
<p>1. Trustee 1</p> 	<p>Hon.Aharub Ebrahim Khatri <i>Speaker of the Assembly, Chairman-County Assembly Service Board</i></p> <p><b><u>Qualifications and experience</u></b> Current political leader of the Third County Assembly of Mombasa.</p>
<p>2. Trustee 2</p> 	<p>Salim Juma Mwalimu <i>County Assembly Clerk, Secretary</i></p> <p><b><u>Qualifications and experience</u></b> Holder of Master's Business Administration-Strategic Management. He has more than 25 years of extensive working experience in the public service rising through the ranks to senior and top management positions.</p>
<p>3. Trustee 3</p> 	<p>Hon.Florence Mkanjala Kachumbo <i>Member of County Assembly, Member</i></p> <p><b><u>Qualifications and experience</u></b> Currently a Nominated Member of County Assembly and Member of the County Assembly Service Board. She has experience in public service spanning over a year period.</p>
<p>4. Trustee 4</p> 	<p>Hon. Ali Omar Shariff <i>Member of County Assembly, Member</i></p> <p><b><u>Qualifications and experience</u></b> Currently the elected Member of County Assembly representing Tononoka Ward and a Member of the County Assembly Service Board. He has vast experience in public service spanning over a 6year period.</p>





**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**4. Management Team**

Name	Details of qualifications and experience
<p>1. Salim Juma Mwalimu</p> 	<p>Salim Juma Mwalimu <i>Fund Administrator</i> <i>County Assembly Clerk</i></p> <p><b><u>Qualifications and experience</u></b></p> <p>Holder of Master’s Business Administration-Strategic Management. He has extensive 25 years working experience in the public service rising through the ranks to senior and top management positions.</p>
<p>2. Hon.Athman Rama Mwamwiri</p> 	<p>Hon.Athman Rama Mwamwiri <i>Member of County Assembly</i></p> <p><b><u>Qualifications and experience</u></b></p> <p>Elected Member of the County Assembly representing the Likoni Ward and the County Assembly Majority Leader. Has experience in public service spanning over a 6 year period.</p>
<p>3. Hon. Kibwana Swaleh Baya</p> 	<p>Hon.Kibwana Swaleh Baya <i>Member of County Assembly</i></p> <p><b><u>Qualifications and experience</u></b></p> <p>Currently the elected Member of County Assembly representing Miritini Ward and the Chairman of the Committee on Finance, Budget and Appropriation. He has vast experience in public service spanning over an 11 year period.</p>
<p>4. Hon. Ali Omar Shariff</p> 	<p>Hon.Ali Omar Shariff <i>Member of County Assembly</i></p> <p><b><u>Qualifications and experience</u></b></p> <p>Currently the elected Member of County Assembly representing Tononoka Ward and Member of the County Assembly Service Board. He has experience in public service spanning over a 6 year period.</p>



**Mombasa County Assembly Car Loan and Mortgage Fund  
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<p>5. Clara Wonge Mwachoki</p> 	<p>Clara Wonge Mwachoki <i>Director Human Resources and Administration</i></p> <p><b><u>Qualifications and experience</u></b> Holder of Master’s Business Administration Degree-Strategic Management. Member of the Institute of Human Resource Management, IHRM. She has 25 years of experience in the public service rising through the ranks to senior leadership positions.</p>
<p>6. Penina Mwikali James</p> 	<p>Penina Mwikali James <i>Payroll Manager</i></p> <p><b><u>Qualifications and experience</u></b> Holder of Master’s Business Administration Degree-Strategic Management. Member of the Institute of Human Resource Management, IHRM. She has 25 years of experience in the public service rising through the ranks to senior leadership positions.</p>
<p>7. Paul Mutungi Mulila</p> 	<p>Paul Mutungi Mulila <i>Senior Accountant</i></p> <p><b><u>Qualifications and experience</u></b> Holder of a Bachelor’s Degree in Education (Business/Economics) and a Certified Public Accountant, CPA(K). Has over 20 years’ experience serving in various senior positions in the public and private sectors.</p>
<p>8. Abdallah Ali Abeid</p> 	<p>Abdallah Ali Abeid <i>Senior Supply Chain Officer</i></p> <p><b><u>Qualifications and experience</u></b> Holder of a Master’s Degree in Strategic Management. Also a Member and a licensed procurement practitioner of Kenya Institute of Supplies Management. Has over 10 years’ experience serving in various senior positions in the public and private sectors.</p>

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<p>9. Alfred Jilo Kidai</p> 	<p>Alfred Jilo Kidai <i>Senior Fiscal Analyst</i></p> <p><b><u>Qualifications and experience</u></b></p> <p>Holder of Bachelor’s Degree in Commerce (Finance) and a certified Financial Modelling and Valuation Analyst (FMVA®). Has 15 years’ experience serving in various senior positions in the public and private sectors.</p>
<p>10. Christine Aqua Mududa</p> 	<p>Christine Aqua Mududa <i>Senior Legal Counsel</i></p> <p><b><u>Qualifications and experience</u></b></p> <p>Advocate of the High Court of Kenya. A Certified Public Secretary, CPS(K). Has over 7 years experience serving in a senior position in the public and private sector.</p>
<p>11. Aswif Abdalla Amur</p> 	<p>Aswif Abdalla Amur <i>Senior Internal Auditor</i></p> <p><b><u>Qualifications and experience</u></b></p> <p>Holder of a Degree in Business Administration. Has over 10 years’ experience serving in various positions in the public and private sectors.</p>



**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**5. Board/Fund Chairperson's Report**

The Chairperson of the 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 Car Loan and Mortgage Fund for the June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Chairperson accepts responsibility for the Fund's financial statements, which have been prepared on the Accrual Basis of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Chairperson is of the opinion that the County Assembly's Car Loan and Mortgage Fund's financial statements give a true and fair view of the state of the Fund's transactions for the year ended 30th June, 2023 and of its financial position as at that date. The Chairperson further confirms the completeness of the accounting records maintained for Fund which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Fund Chairperson confirms full compliance to applicable Government Regulations and that the Car Loan and Mortgage funds received during the year were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Chairperson confirms that the Fund's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The County Assembly of Mombasa Car Loan and Mortgage Fund unaudited financial statements were approved and signed by the Fund Chairperson on **September 26 2023**.

Signed:

Name SARIM JUMA Signature [Handwritten Signature] Date 26.9.23

Chairperson of the Fund



**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**6. Report of The Fund Administrator**

The County Assembly of Mombasa Car Loan & Mortgage Fund was operationalized in 2014 via a resolution of the then County Assembly Service Board and sought to comply with the provisions of the PFM Act 2012 through the guidance of SRC Circulars on Car Loan & Mortgage Scheme, but this never materialized during the First Assembly.

However, the necessary regulations were enacted and published under Kenya Gazette Supplement N0.2 of 27<sup>th</sup> March 2018. Under the regulations, a Committee to be known as the Mombasa County Assembly Car Loan and Mortgage Fund Management Committee was established comprising of:-

- The Clerk as Chairperson
- Chairman of Budget & Appropriation committee
- Head of Fiscal Analysis Department
- Head of Accounts Department
- Head of Human Resource Department who, shall be secretary to the Committee
- The Committee to co-opt any other person(s) to attend its meetings for purposes of assisting or advising it discharge its responsibilities.

The County Assembly of Mombasa's initial Car loan and Mortgage Fund (2013-2018) was financed from the County's Printed Estimates and a sum of KSh.20Million was wired directly to the Fund account at Chase Bank Iman. The then County Assembly Service Board had signed an MOU with Chase Bank Iman to disburse loans to all Members of the first Assembly who had applied and qualified for loans based on one third rule (1/3rd). Further, the MOU between the County Assembly of Mombasa and Chase Bank had provided for the fund to be shored up to KSh.220 million by disbursing in installments of KSh.20Million each over the ensuing ten (10) months to Chase Bank from County Treasury to build the fund to a sum of KSh.220Million.

These disbursements were however not effected during the life of the First Assembly, thus the revolving fund stood at KSh.20Million for all the financial years to 2018-2019. This notwithstanding, Chase Bank Iman went ahead to operationalize the MOU and disbursed loans amounting to KSh.104Million to Members of the first Assembly. The balances of un-repaid and owed to County Assembly of Mombasa from this arrangement amount to KSh.6,437,367 as per the list herein appended.

Hon MUNYIKA Karisa Nzai	959,719.95
Hon KAI Beatrice Santa	1,710,513.95
Hon HAMISI Saada Rajab (deceased)	2,010,585.75
Hon.ZUBERI Amina Rajab (deceased)	1,756,546.65
<b>TOTAL</b>	<b>6,437,366.90</b>

The necessary actions have since been taken by the current Committee of Car Loan and Mortgage Fund for these amounts to be recovered from the beneficiaries besides looking for modalities of

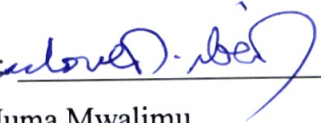
**Mombasa County Assembly Car Loan and Mortgage Fund**  
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writing off the loans due from the two deceased Members of County Assembly (as guided by PFM Act and other Regulations).

It is worth to note that The County Assembly Services Board in the Second Assembly signed an MOU with M/S Gulf African Bank, Bondeni branch, to disburse loans to the MCA's in this Second house at first, but the arrangement did not quite take off and the Committee took over the loan application, vetting and processing mandates to this day.

In the Third Assembly, the approved budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the FY2022/23 was KSh.200 Million. Further, KSh.121 Million was disbursed to the appointed Fund bankers, Gulf African Bank for the year under review. The fund therefore experienced a shortfall of KSh.79 Million, representing a 39.5% shortfall for the year ended 30 June 2023.

Signed:   
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Salim Juma Mwalimu

FUND ADMINISTRATOR



**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**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 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 objectives of the County Assembly of Mombasa Car Loan & Mortgage Fund for the year ended 30 June 2023 plan are to:

- a) Provide timely and affordable loans to staff and members of County Assembly.
- b) Effect monthly recoveries of loans advanced through check off.
- c) Ensure loans are fully recovered before end of political life of the current Assembly.
- d) Ensure efficient effective and prudent management of car loan and mortgage funds.

The Final budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the FY2022/23 was KSh.200Million, with the same expected to be availed on pro rata by the County Treasury up to the end of the year under review. However, only KSh.121Million was disbursed to the appointed Fund bankers, Gulf African Bank up to the end of the of the year 2022/23. The fund therefore experienced a shortfall of KSh.79million, representing a 40% year to date shortfall. The 40% year to date shortfall hampered the achievement of the FY2022/23 plan of issuing loans to Staff of the County Assembly of Mombasa and to all Members of the County Assembly with only MCAs benefitting from Car Loans and Mortgage loans and none of the members of Staff benefitting.

We envisage a scenario of more disbursements that will enable the Committee to issue Loans to both MCAs and Members of staff to improve on the numbers of beneficiaries.



**Mombasa County Assembly Car Loan and Mortgage Fund  
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Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Car Loans and Mortgages	To provide funds for granting car loans and mortgages to Members of the County Assembly and employees of the County Assembly as may be prescribed from time to time by the Salaries and Remuneration Commission.	Increased number of Members of the County Assembly and employees of the County Assembly accessing personal cars and residential property ownership	% of Members of the County Assembly and employees of the County Assembly owning personal cars and residential properties in the County Assembly	<b>By end of the 4th Quarter of FY 2022/23 Fourteen eligible Members of County Assembly benefitted from car loans and mortgages while zero (0) members of staff benefitted</b>
Car Grants	To provide funds for granting car grants to Members of the County Assembly as may be prescribed from time to time by the SRC.	Increased number of Members of the County Assembly accessing or converting existing car loans to grants and ownership therein	100 % of Members of the County Assembly own personal cars and existing car loans were fully converted to car grants in the County Assembly	Performance 0% for the MCA's

## **8. Corporate Governance Statement**

The Fund Administration Committee was established by the Public Finance Management (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund) Regulations, 2018. Up to the end of the fourth quarter of the FY2022/23, the Committee held 51 meetings with attendance as guided by the Regulations in form of quorum. The Regulations allow for a maximum of eight (8) meetings and a minimum of two (2) meetings each month. The determinant of the frequency of these meetings being matters and agendas related to the objectives of the Fund.

Membership to the Committee is as stipulated under the Regulations with representation as highlighted therein. Any change to membership is to be formally done through amendments that shall be gazetted and published to be formalised. The succession and change of membership is to be guided by Section 6(1) of the Regulations.

Pursuant to Regulation 2 of the Public Finance Management (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund), members to the committee shall comprise the Clerk of the County Assembly (Fund Manager); the Chairperson of the County Assembly Committee on Budget, Finance and Appropriation (or its replacement); the Head of Fiscal Analysts Department; the Head of Accounts Department; the Head of Human Resource Department; the Head of Legal Department; the Head of Audit Department; and any person co-opted to attend Committee meetings for purposes of assisting or advising the Committee.

As per Regulations, the Clerk of the County Assembly plays the role of Fund Manager with the Head of Accounts and that of Human Resources being the Fund Accountant and Secretary to the Committee respectively. The other general functions of the Committee are:

- (a) To process applications for a car loan and /or mortgage in accordance with the existing terms and conditions of borrowing;
- (b) To formulate sound policies for regulating the management of the Fund; to raise and solicit for funds and other assistance to promote the functions of the Committee;
- (c) To receive any gifts, donations, grants or endowment made to the Fund and to make legitimate disbursements there from;
- (d) To establish links with financial institutions for the furtherance of the purposes for which the Fund is established;
- (e) To grant loans and mortgages, as the Committee may deem fit to eligible applicants;
- (f) To perform and exercise all other functions and powers conferred to the Committee by these Regulations or any other law.



**Mombasa County Assembly Car Loan and Mortgage Fund  
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The Committee is allowed by the Regulations to delegate the functions of appraising and approving loans and managing the Fund to a commercial bank approved or designated by it as an agent of the Committee. This arrangement is however only executed as the said bank being an agent of the Committee.

The Committee has succeeded in processing car loans and mortgage loans applications for 14 Members of the Third County Assembly for the fourth quarter of the financial year 2022/23. Further, loans paid out to Members of County Assembly are all being recovered through payroll. The processing of applications and running of affairs of the fund was done in a series of meetings with member's attendance and performance highlighted in the table below:

Name	Number of meetings participated	Participation (%)	Membership
Salim Juma Mwalimu	51/51	100%	Chair
Hon.Athman Rama Mwamwiri	31/51	61%	Member
Hon.Kibwana Swaleh Baya	23/51	45%	Member
Hon.Ali Omar Shariff	23/51	45%	Member
Clara Wonge Mwachoki	51/51	100%	Member
Penina Mwikali James	51/51	100%	Member
Aswif Abdalla Amur	20/51	39%	Member
Paul Mutungi Mulila	51/51	100%	Member
Abdalla Ali Abeid	43/51	84%	Member
Alfred Jilo Kidai	51/51	100%	Member
Christine Aqua Mududa	43/51	84%	Member

Currently, there is no formal provision for induction and training of the Administration Committee though need for the same to be formally gazetted has been noted for the future. The Regulations are also being checked for amendments to address the matter of conflict of interest. The issues of board remuneration are adequately addressed by the Salaries and Remuneration Commission which provides for allowances payable for task forces, boards and committees. The Committee



**Mombasa County Assembly Car Loan and Mortgage Fund**  
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has therefore been complying with the provisions of the SRC circular on remuneration of members to committees as this.

Finally, the Committee has not undertaken any ethics and conduct as well as governance audit on the Fund and its activities though the same has been brought to the attention of the Committee for future consideration and action.

Signed: \_\_\_\_\_

Salim Juma Mwalimu

FUND ADMINISTRATOR

**Mombasa County Assembly Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**9. Management Discussion and Analysis**

The Financial Statements cover the period from July 1 2022, to June 30 2023 and account for KSh.251Million; KSh.20 Million directly disbursed by County Government of Mombasa during the First Assembly of 2013-2018, KSh.110Million was disbursed from County Assembly of Mombasa's Central Bank account to the Fund's Gulf African Bank account during the Second Assembly of 2019-2022, Kshs.105Million was disbursed from County Assembly of Mombasa's Central Bank account to the Fund's Gulf African Bank account in the fourth quarter of the FY2022/23 while 16M was cash in transit as at 30 June 2023.

It is worthwhile to note that of the KSh.251Million being accounted for, KSh.28Million was converted to Car grant with KSh.223Million being available for the revolving fund aspect. Further, the KSh.20Million Fund created during the First Assembly had loads of administrative difficulties some of which are yet to be resolved to this day.

Balance available at Bank at the beginning of the financial year was KSh.14.04Million. During the year under review, the fund received KSh.121Million, with KSh.16M being cash in transit as at 30<sup>th</sup> June 2023. Of the funds available during the year under review, mortgage and car loans worth Kshs.110.3Million were disbursed, while a further Kshs.8.4Million was paid to the Kenya Revenue Authority to clear pending taxes on car grants paid out to MCAs of the Second Assembly.

The Final budget for the County Assembly of Mombasa Car Loan & Mortgage Fund for the Financial year 2022-2023 was KSh.200Million. Of the said budget, KSh.105Million was disbursed to the Fund bankers, Gulf African Bank while 16M was cash in transit as at June 30 2023. The fund therefore faced a shortfall of KSh.79Million, representing a 39.5% shortfall as at the end of the year.

This shortfall notwithstanding, all the members of the Third Assembly who had applied for loans during the year fully benefitted from Car loan and mortgage up to the end of the financial year under review.

Going forward, the Committee seeks to consider loan applications from all eligible members of staff who have applied for loans so as to benefit from the existing funding level as we envisage a top up to the desired and budgeted level of over KSh.300Million.

  
Member of the Committee

Date: 26/09/2023



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

The County Assembly of Mombasa exists to offer quality services to the residents. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 9 pillars: transparency, non-discrimination, efficiency and effectiveness, integrity, accountability, meritocracy, professionalism, teamwork and rule of law.

### **1. Sustainability strategy and profile -**

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

### **2. Environmental performance**

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

### **3. Employee welfare**

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

### **4. Market place practices-**

The organisation should outline its efforts to:

- a) Responsible competition practice.  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

### **5. Corporate Social Responsibility / Community Engagements**

*The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.*

**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**11. Report of The Trustees**

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

**Principal activities**

The principal activity/mission/ mandate of the Fund is to be issuing affordable loans to staff and members of the County Assembly of Mombasa and to recover the same vide payroll deductions to ensure the fund is revolving, self-sustaining and that all loans issued are duly recovered before end of the Assembly (five years of representation) or before a member of staff retires.

**Results**

The results of the Fund for the year ended June 30, 2023 are set out from page 1 to page 5 and supported by notes from page 18 onwards.

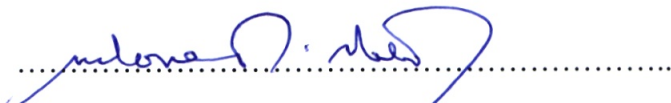
**Trustees**

The members of the Board of Trustees and Management Team who served during the year are shown on pages vii, viii, ix, and x respectively. There were no 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 to carry out the audit of the Mombasa County Assembly Car Loan and Mortgage Fund for the year/period ended June 30, 2023.

By Order of the Committee



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

**Date:**



## **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 Mombasa County Assembly Car Loan and Mortgage Fund regulations enacted and published under Kenya Gazette Supplement N0.2 of 27<sup>th</sup> March 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

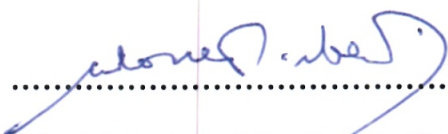
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and County Assembly of Mombasa Regulations 2018. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, 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 26<sup>th</sup> September 2023 and signed on its behalf by:

  
.....  
**Administrator of the County Public Fund**



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON MOMBASA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mombasa County Assembly Car Loan and Mortgage Fund set out on pages 1 to 40, which comprise the statement of financial position as at 30 June, 2023, the statement of financial performance, statement

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*Report of the Auditor-General on Mombasa County Assembly Car Loan and Mortgage Fund for the year ended 30 June, 2023*



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 Mombasa County Assembly Car Loan and Mortgage Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund) Regulations, 2018 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Presentation Anomalies and Inaccuracies in Financial Statements**

Review of the financial statements presented for audit revealed the following presentation anomalies and inaccuracies;

- i. The statement of financial performance reflects transfers from the County Assembly of Kshs.121,000,000. However, only Kshs.117,370,000 or 97% relate to capital fund. The balance of Kshs.3,630,000 or 3% relate to administration expenses which should have been recognized in the statement of financial performance as revenue and not the total amount.
- ii. The statement of changes in Net Assets reflects a revaluation reserve of negative KShs.81,883,418, whose nature and purpose was not explained in a note to the financial statements as required by the Public Sector Accounting Standards Boards reporting guidelines and template.
- iii. Notes 11 to 24 to the financial statements as indicated on the face of the statement of financial position are inconsistent with the disclosure in the respective notes.

In the circumstances, the accuracy of the financial statements for the year under review could not be confirmed.

#### **2. Receivables from Exchange Transactions**

The statement of financial position reflects Kshs.107,862,823 and Kshs.7,384,277 in respect of long-term receivables and other receivable County Treasury respectively. However, the corresponding Note 13 reflects Kshs.101,425,456 and Kshs.6,437,366 resulting in variances of Kshs.6,437,367 and Kshs.946,911. The variances were not explained or reconciled.



In the circumstances, the accuracy and completeness of the long term receivables and other receivable from County Treasury could not be confirmed.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mombasa County Assembly Car Loan and Mortgage 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 final revenue budget and actual amounts on comparable basis of Kshs.205,277,325 and Kshs.122,169,302 respectively, resulting in underfunding of Kshs.83,108,022 or 40% of the budget. Similarly, the Fund expended Kshs.121,566,587 against an approved budget of Kshs.210,496,820, resulting under absorption of Kshs.88,930,233 or 42% of the budget.

In the circumstances, the underfunding and under absorption of funds impacted negatively on the implementation of the Fund's programs.

#### **Key Audit Matters**

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

#### **Other Matter**

#### **Unresolved Prior Year Audit Issues**

During the audit of the prior year, several matters were raised on financial statements and on lawfulness and effectiveness in use of public resources. However, the matters remained unresolved as at 30 June, 2023. Management did not give explanations for the delays in resolving the issues. Further, although some of the issues were indicated as resolved, there was no evidence to show that they had been discussed and determined by the relevant oversight body.

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

### **Conclusion**

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

### **Long-Term Receivables**

The statement of financial position reflects receivables from exchange transactions of Kshs.132,711,486. As disclosed in Note 13 to the financial statements, the amount includes Kshs.6,437,366 in respect of other exchange debtors, which was owed by four (4) former Members of the County Assembly (MCAs) who served between 2013-2018 and had defaulted on their payments. Review of the supporting schedules provided for audit revealed an outstanding amount Kshs.3,767,133 owed by two MCAs who were deceased, while Kshs.959,720 was by a member whose contract ended on 8 August, 2017. Further, a demand notice the member's current employer failed to include interest charge in line with provisions of Paragraph 2 (7) of the Salaries and Remuneration Commission circular dated 17 December, 2014 which provides that where state officer or public officer leaves public service employment for whatever reason other than disciplinary grounds, the terms of the loan remain in force and does not change for the life time of the loan unless in cases of default in which it reverts to commercial terms.

Further, there was no evidence provided to indicate efforts made by Management to write off amounts of Kshs.3,767,133 owed by deceased members, which had been outstanding for more than five years. In addition, one of the deceased member's loan balance of Kshs.1,385,623 had been insured. However, as at the time of audit, on October, 2023, the insurer had only paid Kshs.1,059,902, leaving an outstanding balance of Kshs.325,721. The under compensation by the insurer was not explained and there was no evidence that Management was pursuing the matter.

In the circumstances, the recoverability of debtors balance of Kshs.6,437,366 was doubtful.

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

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

### **Conclusion**

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



Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective:

### **Weak Internal Controls**

Note 32 to the financial statements reflects principal loan payments balance of Kshs.110,302,600. Analysis of the payment vouchers and review of sampled loans amounting to Kshs.73,738,800 advanced to seventeen (17) borrowers revealed the following control weaknesses in the issuance and management of the loans;

- i. Loan application forms lacked key information such as application date, the nature of the loan, applicant financial appraisal, Fund Administrator's recommendation, forms serialization and authentication stamp.
- ii. Loans amounting to Kshs.47,390,800 were approved without the County Government authorities approvals of designs for proposed residential properties while loans amounting to Kshs.13,500,000 were advanced to borrowers who had no proof of land ownership attached as security for the mortgage.'
- iii. Examination of payment vouchers under disbursement of car loans and mortgages revealed that out of total disbursements of Kshs.110,302,600, Kshs.100,890,400 loans were disbursed directly to either the accounts of the borrowers or their personal loan accounts instead of the respective dealers, developers or lenders of car loan and mortgage facilities.
- iv. Loans amounting to Kshs.25,393,162 were used to buy off individual loan balances without proof that the loans related to the purchase of car or mortgage property.
- v. Note 29 to the financial statements reflects the principal loan payments of Kshs.110,302,600. However, the titles deeds and car logbooks were not provided to evidence that the loans were secured by registered charges or encumbrances attached to the property to restrict any sale or transfer till the payment is complete or co-ownership of the cars purchased.

In the circumstances, the eligibility and recoverability of the disbursed loans of Kshs.110,302,600 was doubtful.

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

### **Responsibilities of Management and Board of Trustees**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is



necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall 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 the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in



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

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

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

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



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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

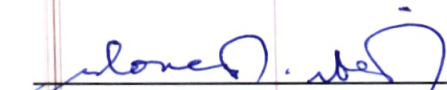
03 January, 2024

**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

	Note	FY2022/2023	FY2021/2022
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Assembly of Mombasa	2	121,000,000	30,000,000
Fines, penalties and other levies	3	-	-
<b>Revenue from exchange transactions</b>			
Interest income	4	1,169,302	2,188,431
Other income	5	-	-
<b>Total revenue</b>		<b>122,169,302</b>	<b>32,188,431</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	2,863,987	4,045,543
Depreciation and Amortization Expense	8	-	-
Finance Costs	9		
Car grant disbursements paid out	27	8,400,000	19,400,000
<b>Total Expenses</b>		<b>11,263,987</b>	<b>23,445,543</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	10	-	-
<b>Surplus/( deficit) for the period</b>		<b>110,905,315</b>	<b>8,742,888</b>

The notes set out on pages 18 onwards form an integral part of these Financial Statements

  
Name: Salim Juma Mwalimu  
Administrator of the Fund

  
Name: Paul Mulila  
Fund Accountant  
ICPAK Member N0:5971



**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**15. Statement of Financial Position As at 30 June 2023**

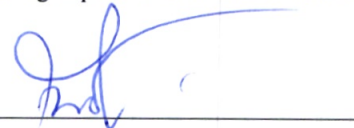
	Note	FY2022/2023	FY2021/2022
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	22,735,855	14,040,531
Current portion of long term receivables from exchange transactions	12	24,848,664	9,440,198
Prepayments	13	-	-
Inventories	14	-	-
Other receivable from County Treasury	22 d	7,384,277	147,384,277
		54,968,796	170,865,006
<b>Non-current assets</b>			
Long term receivables from exchange transactions	12	107,862,823	15,259,577
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
		107,862,823	15,259,577
<b>Total assets</b>		<b>162,831,619</b>	<b>186,124,583</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transaction	17	-	8,400,000
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
<b>Non-current liabilities</b>			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
<b>Total liabilities</b>		<b>-</b>	<b>8,400,000</b>
Revolving Fund	24	162,831,618	38,740,307
Capital Reserves adjustment			121,498,501
Accumulated surplus FY202-2022			17,485,776
<b>Total net assets and liabilities</b>		<b>162,831,618</b>	<b>186,124,583</b>

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 31 July 2023 and signed by:



**Administrator of the Fund**  
Name: Salim Juma Mwalimu



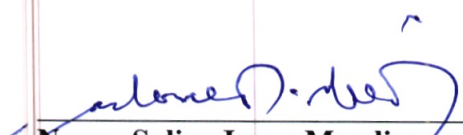
**Fund Accountant**  
Name: Paul Mutungi Mulila


ICPAK Member N0:5971

**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2021</b>	100,000,000	-	(15,027,854)	84,972,146
Surplus/(deficit) for the period	-	-	8,742,888	8,742,888
Funds received during the year	30,000,000	-	-	<b>30,000,000</b>
Revaluation gain		-		-
<b>Balance as at 30 June 2022</b>	<b>130,000,000</b>	-	<b>(6,284,966)</b>	<b>123,715,034</b>
<b>Balance as at 1 July 2022</b>	<b>130,000,000</b>		<b>(6,284,966)</b>	123,715,034
Cummulative Surplus/(deficit) adjustment	-	<b>(81,883,418)</b>	-	<b>(81,883,418)</b>
Funds received during the year	121,000,000	-	-	121,000,000
<b>Balance as at 30 June 2023</b>	<b>251,000,000</b>	<b>(81,883,418)</b>	<b>(6,284,966)</b>	<b>162,831,616</b>

  
Name: Salim Juma Mwalimu  
Administrator of the Fund

  
Name: Paul Mutungi Mulila  
Fund Accountant  
ICPAK Member N0:5971



**Mombasa County Assembly Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

	Note	FY2022/2023	FY2021/2022
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	-	-
Transfers from the County Government(COB)	2	121,000,000	30,000,000
Interest received	4	1,169,302	2,188,431
Receipts from other operating activities	5	-	-
<b>Total Receipts</b>		<b>122,169,302</b>	<b>32,188,431</b>
<b>Payments</b>			
Fund administration expenses	7	-	-
General expenses	7	2,863,987	4,045,543
Finance Costs	9	-	-
<b>Total Payments</b>		<b>2,863,987</b>	<b>4,045,543</b>
<b>Net cash flows from operating activities</b>		<b>119,305,315</b>	<b>28,142,888</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	29	8,092,608	11,295,254
Loan disbursements paid out	28	(110,302,599)	(18,000,000)
Car grant disbursements paid out	27	(8,400,000)	(19,400,000)
<b>Net cash flows used in investing activities</b>		<b>(110,609,991)</b>	<b>( 26,104,746)</b>
<b>Cash flows from financing activities</b>			
Additional borrowings		-	-
Repayment of borrowings(SBM Bank Debt)	32	-	(6,471,867)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(6,471,867)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,695,324</b>	<b>(4,433,725)</b>
Cash and cash equivalents at 1 JULY 2022		14,040,531	18,474,255
<b>Cash and cash equivalents at 30 JUNE 2023</b>		<b>22,735,855</b>	<b>14,040,531</b>

**Name: Salim Juma Mwalimu**  
**Administrator of the Fund**

  
**Name: Paul Mutungi Mulila**  
**Fund**  
**Accountant**  
**ICPAK Member**  
**N0:5971**

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**18. Statement Of Comparison Of Budget And Actual Amounts For The Period**

	Original budget	Adjustment1	Adjustment2	Final budget	Actual on comparable basis	Performance difference	% utilisation
	FY2022/2023	FY2022/2023	FY2022/2023	FY2022/2023	FY2022/2023	FY2022/2023	
	KShs	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-		-	-	-	-	
Transfers from County Assembly.	200,000,000	(15,000,000)	15,000,000	200,000,000	121,000,000	79,000,000	61
Interest income	5,277,325		-	5,277,325	1,169,302	4,108,022	22
Other income	-		-	-	-	-	
<b>Total income</b>	<b>205,277,325</b>	<b>(15,000,000)</b>	<b>15,000,000</b>	<b>205,277,325</b>	<b>122,169,302</b>	<b>83,108,022</b>	
<b>Expenses/Payments</b>							
Principal Loan Payments/Disbursements	206,437,500	(15,000,000)	15,000,000	206,437,500	110,302,599	96,134,901	-
Car Loan/grant Payments/Disbursements					8,400,000	(8,400,000)	
Fund administration expenses	1,927,000		-	1,927,000	1,410,850	516,150	73
Staff costs	-		-	-	-	-	
General expenses	2,104,200		-	2,104,200	1,410,850	693,350	67
Bank & other Charges/Finance Costs	28,120		-	28,120	42,287	(14,168)	150
<b>Total Payments/expenditure</b>	<b>210,496,820</b>	<b>(15,000,000)</b>	<b>15,000,000</b>	<b>210,496,820</b>	<b>121,566,586</b>	<b>88,930,233</b>	
<b>Surplus for the period</b>	<b>(5,219,495)</b>	<b>-</b>	<b>-</b>	<b>(5,219,495)</b>	<b>602,716</b>	<b>(5,822,211)</b>	

**Budget notes**

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.



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**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

The Mombasa County Assembly Car Loan and Mortgage Fund is established by and derives its authority and accountability from County Assembly Members & Staff Car Loan Regulations 2018. The Fund is wholly owned by the Mombasa County Government and is domiciled in Kenya.

**2. Statement of compliance and basis of preparation**

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

**3. Adoption of new and revised standards**

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

<b>Standard</b>	<b>Effective date and impact</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023</b> 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:

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Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>



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

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Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></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>State the expected impact of the standard to the Entity if relevant</i></p>

**(iii) Early adoption of standards**

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



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**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022/23 was approved by the County Assembly on Mombasa on 28<sup>th</sup> June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2022/23 budget.

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

**Summary of Significant Accounting Policies (Continued)**

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 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 xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.



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**Summary of Significant Accounting Policies (Continued)**

**f) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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



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**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

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

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

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

**h) Provisions**

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

**i) Social Benefits**

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

**Summary of Significant Accounting Policies (Continued)**

**j) Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits – Retirement benefit plans**

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

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



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**Summary of Significant Accounting Policies (Continued)**

**n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

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



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**6. Notes To The Financial Statements Continued**

**1. Public contributions and donations**

Description	2022/2023	2021/2022
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from County Assembly of Mombasa	-	-
Payments By County On Behalf Of The Entity		
Transfers from County Assembly of Mombasa-Grant	121,000,000	30,000,000
<b>Total</b>	<b>121,000,000</b>	<b>30,000,000</b>

**3. Fines, penalties and other levies**

Description	2022/2023	2020/2021
	KShs	KShs
Late payment penalties		
Fines		
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	2022/2023	2021/2022
	KShs	KShs
Interest income from mortgage loans & car loans	1,169,302	2,047,025
Interest income from Investments		
Interest income on bank deposits	-	141,406
<b>Total interest income</b>	<b>1,169,302</b>	<b>2,188,431</b>

(Provide brief explanation for this revenue)

*(This is interest charged on mortgages and car loans for the stated periods)*

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**Notes to the Financial Statements Continued**

**5. Other income**

Description	2022/2023	2021/2022
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
<b>Total other income</b>	<b>-</b>	<b>-</b>

**6. Employee Costs**

Description	2022/2023	2021/2022
Salaries And Wages		
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other ( <i>Specify</i> )		
<b>Total</b>	<b>-</b>	<b>-</b>

**7. Use of Goods and Services**

Description	2022/2023	2021/2022
	KShs	KShs
General Office Expenses		
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances	2,821,700	4,021,300
Bank Charges	40,730	11,890
Electricity And Water Expenses		
Fuel And Oil Costs		
Insurance Costs		
Postage And Courier		
Printing And Stationery		
Rental Costs		
Security Costs		
Telephone And Communication Expenses		
IPPD Charges	1,557	10,503
Audit Fees		
Provision For Doubtful Debts		
Other ( <i>Excise Tax</i> )	-	1,850
<b>Total</b>	<b>2,863,987</b>	<b>4,045,543</b>



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**Notes to the Financial Statements Continued**

**8. Depreciation and Amortization Expense**

Description	2022/2023	2021/2022
	KShs	KShs
Property Plant and Equipment		
Intangible Assets		
<b>Total</b>	-	-

**9. Finance costs**

Description	2022/2023	2021/2022
	KShs	KShs
Interest on bank overdrafts		
Interest on Loans from banks		
<b>Total</b>	-	-

**10. Gain/(loss) on disposal of assets**

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

**11. Gain/ (loss) on Fair Value Investments**

Description	2022/23	2021/22
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

**12. Cash and cash equivalents**

Description	2022/2023	2021/2022
	KShs	KShs
Current account	20,335,169	11,639,845
Others-KDIC	2,400,686	2,400,686
<b>Total cash and cash equivalents</b>	<b>22,735,855</b>	<b>14,040,531</b>

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Notes to the Financial Statements Continued**

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

		2022/2023	2021/2022
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
SBM Bank	KDIC	2,400,686	2,400,686
SBM Bank Current Account	0358099329001	185,636	1,845,896
Gulf Bank Current Account	0520000401	20,149,533	9,793,949
<b>Sub- total</b>		<b>22,735,855</b>	<b>14,040,531</b>
<b>Grand total</b>		<b>22,735,855</b>	<b>14,040,531</b>

**13. Receivables from exchange transactions**

Description	2022/2023	2021/2022
	<b>KShs</b>	<b>KShs</b>
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	24,848,664	3,002,832
Other exchange debtors	6,437,366	6,437,366
Less: impairment allowance	-	-
<b>Total Current receivables</b>	<b>31,286,031</b>	<b>9,440,198</b>
<b>Non Current receivables</b>		
Long term loan repayments due	101,425,456	3,002,832
<b>Total Non current receivables</b>	<b>101,425,456</b>	<b>6,437,366</b>
<b>Total receivables from exchange transactions</b>	<b>132,711,486</b>	<b>12,443,030</b>

**Additional disclosure on interest receivable**

Description	2022/2023	2021/2022
<b>Interest receivable</b>		
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		
<b>Accrued principal from long-terms loans from previous periods</b>		
Current portion of long-term loans issued in the current year		



**Mombasa County Assembly Car Loan and Mortgage Fund**  
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**Notes to the Financial Statements Continued**

**14. Prepayments**

Description	2022/2023	2021/2022
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	-	-

**15. Inventories**

Description	2022/2023	2021/2022
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

**16. Investments in financial assets**

Description	2022/23	2022/23
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
<b>Grand total</b>	-	-

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Notes to the Financial Statements Continued**

**Movement of Equity Investments**

Impairment allowance/ provision	2022/23	2022/23
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
<b>At the end of the year</b>	-	-

**e) Shareholding in other entities**

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

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		2022/23	2022/23
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-



**Mombasa County Assembly Car Loan and Mortgage Fund**  
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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
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2019</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020--</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-

**Mombasa County Assembly Car Loan and Mortgage Fund**  
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Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-



**Mombasa County Assembly Car Loan and Mortgage Fund**  
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**Notes To The Financial Statements (Continued)**

**18. Intangible assets**

Description	2022/2023	2021/2022
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**19. Investment Property**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	-	-

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Notes To The Financial Statements (Continued)**

**20. Trade and other payables from exchange transactions**

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		8,400,000	
<b>Total Trade and Other Payables</b>	-		<b>8,400,000</b>	
Ageing analysis (Trade and other payables)	2022/23	% of the Total	2021/22	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

**21. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2021)</b>	-	-	-	-



**Mombasa County Assembly Car Loan and Mortgage Fund**  
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**Notes To The Financial Statements (Continued)**

**22. Borrowings**

Description	2022/2023	2021/2022
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

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

	2022/2023	2021/2022
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

Description	2022/2023	2021/2022
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Notes To The Financial Statements (Continued)**

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

**24. Social Benefit Liabilities**

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

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



**Mombasa County Assembly Car Loan and Mortgage Fund**  
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**Notes To The Financial Statements (Continued)**

**25. Cash generated from operations**

	<b>2022/2023</b>	<b>2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>Surplus for the year before tax</b>	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	-	-

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**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**

	2022/2023	2021/2022
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	2022/2023	2021/2022
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2022/2023	2021/2022
	KShs	KShs
Due from parent Ministry	-	-
Cummulative Due from County Government	226,384,277	147,384,277
Doubtful Receivable from Due from County Treasury	(219,000,000)	-
<b>Total</b>	<b>7,384,277</b>	<b>147,384,277</b>

**e) Due to related parties**

	2022/2023	2021/2022
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-



**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Other Disclosures Continued**

**27. Contingent assets and contingent liabilities**

	2022/2023	2021/2022
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**28. REVOLVING FUND MOVEMENT ANALYSIS**

REVOLVING FUND	2022/2023	2021/2022
CASH & CASH EQUIVALENTS	22,735,855	14,040,531
RECEIVABLE From Loan beneficiaries	132,711,486	24,699,776
Receivable from County Treasury bfwd 1ST Assembly	7,384,277	7,384,277
<b>TOTAL REVOLVING FUND</b>	<b>162,831,618</b>	<b>46,124,584</b>

**29. LOAN STATUS (3RD ASSEMBLY)**

	2022/2023	2021/2022
PRINCIPAL LOAN ISSUED FY2022-2023	110,302,600	29,752,186
LOAN BALANCES B/D FY2022-2023	18,262,410	-
LOAN INTEREST	-	1,852,503
LOAN REPAYMENTS GULF	(9,261,910)	(13,342,279)
<b>LOAN BALANCE 3rd ASSEMBLY</b>	<b>119,303,100</b>	<b>18,262,409</b>

**30. DUE FROM COUNTY TREASURY (ANALYSIS)**

	2022/2023	2021/2022
OPENING BALANCE	147,384,277	77,384,277
BUDGET FOR THE YEAR	200,000,000	100,000,000
FUNDS RECEIVED	(121,000,000)	(30,000,000)
Doubtful Receivable from County Treasury	(219,000,000)	
<b>TOTAL CUMMULATIVE DUE FROM COUNTY TREASURY</b>	<b>7,384,277</b>	<b>147,384,277</b>

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Other Disclosures Continued**

**31. CAR GRANT TAX LIABILITY DUE CURRENT FINANCIAL YEAR**

	2022/2023	2021/2022
CAR GRANT TAX LIABILITY FOR THE YEAR	8,400,000	26,400,000
CAR GRANT TAX LIABILITY PAID DURING THE YEAR	(8,400,000)	(18,000,000)
<b>CAR GRANT TAX LIABILITY DUE CURRENT FINANCIAL YEAR</b>	<b>-</b>	<b>8,400,000</b>

**32. PRINCIPAL LOAN PAYMENTS**

	2022/2023	FY2020/2021
LOANS DISBURSED	110,302,600	18,000,000
<b>TOTAL LOANS DISBURSED</b>	<b>110,302,600</b>	<b>18,000,000</b>

**33. PRINCIPAL LOAN REPAYMENTS**

	2022/2023	FY2020/2021
TOTAL LOAN REPAYMENTS	8,092,608	13,342,279
INTEREST ACCRUAL	1,169,302	(2,188,431)
<b>TOTAL LOAN REPAYMENTS</b>	<b>9,261,910</b>	<b>11,153,849</b>

**34. ASSETS FY2022-2023**

ASSETS FY2022-23	2022/2023	FY2021/2022
CASH & CASH EQUIVALENTS	22,735,855	14,040,531
RECEIVABLE From Loan beneficiaries	132,711,486	24,699,776
Receivable from County Treasury	226,384,277	147,384,277
Doubtful Exchequer Receivable From County Treasury	(219,000,000)	(219,000,000)
Surplus Revaluation FY2021-2022		76,709,111
<b>TOTAL FUNDING TO REVOLVING FUND</b>	<b>162,831,618</b>	<b>43,833,695</b>

**35. Doubtful Receivable from County Treasury**

	2022-2023	2021/2022
Receivable From County Treasury FY2022-2023	226,384,277	
Expected Receivable from County Treasury FY2022-2023	7,384,277	
Doubtful Exchequer Receivable from County Treasury	<b>(219,000,000)</b>	-



**Mombasa County Assembly Car Loan and Mortgage Fund**  
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**Notes To The Financial Statements (Continued)**

**36. Financial risk management**

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

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

**a) Credit risk**

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Notes To The Financial Statements (Continued)**

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

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

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
<b>At 30 June 2022</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-



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**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
<b>At 30 June 2021</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**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
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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



**Mombasa County Assembly Car Loan and Mortgage Fund  
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**Notes To The Financial Statements (Continued)**

**d) Capital risk management.**

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

Description	2022-2023	2021/2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-%	-%

**37. Events after the reporting period**

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

**38. Ultimate and Holding Entity**

The entity is a County Public Fund established by County Assembly Members and Staff Car Loan Regulations (2018), duly gazetted under Kenya Gazette Supplement N0.2 dated 27<sup>th</sup> March'2018. Its ultimate parent is the County Government of Mombasa and is domiciled in Kenya.

**39. Currency**

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

**Mombasa County Assembly Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.	Inaccuracies in the Financial Statements	Reconciliations done in FY2022-2023	Resolved	FY2022-2023 Reports
2.	Doubtful Receivables from County Treasury	Matter being pursued with a view to collect all funds due.	Not Resolved	Management Committee
3.	Revolving Fund Balance inconsistencies	Reconciliation done in FY2022-2023.	Resolved	
4.	Budgetary Control & Performance -underfunding / Under expenditure	Occasioned by under-funding during FY2022-2023	Not resolved	Management Committee/CASB
5.	Un resolved prior year audit issues	Addressing of prior years' audit queries on going.	Not Resolved	Management Committee
6.	Failure to jointly register property acquired through proceeds of the Fund	Registration process ongoing.	Resolved	Management Committee

**Guidance Notes:**

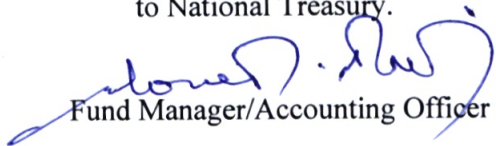
- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.



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(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

  
Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....26.9.23.....

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**Annex II: Inter-Fund Confirmation Letter**



**COUNTY ASSEMBLY OF MOMBASA**

OFFICE OF THE COUNTY ASSEMBLY CLERK

Email: Countyassemblymombasa@gmail.com

P.O. Box 80438 – 80100  
MOMBASA, Kenya

When replying please quote:

Date:

Mombasa County Assembly Car Loan and Mortgage Fund  
P.O. Box 80438-80100  
Mombasa

Confirmation of amounts received by Mombasa County Assembly Car Loan and Mortgage Fund as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by County Assembly of Mombasa (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by Car Loan and Mortgage Fund (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	14/02/2023	-	-	25,000,000	25,000,000	25,000,000	-
	10/03/2023	-	-	25,000,000	25,000,000	25,000,000	-
	05/06/2023	-	-	30,000,000	30,000,000	30,000,000	-
	14/06/2023	-	-	25,000,000	25,000,000	25,000,000	-
	06/07/2023	-	-	16,000,000	16,000,000	16,000,000	-
Total				121,000,000	121,000,000	121,000,000	-

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

**Head of Accountants department of beneficiary Fund:**

Name ..... Sign ..... Date 26/9/23



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The County Assembly of Mombasa wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

**Mombasa County Assembly Car Loan and Mortgage 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		



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**Annex IV: Reporting on Disaster Management Expenditure**

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