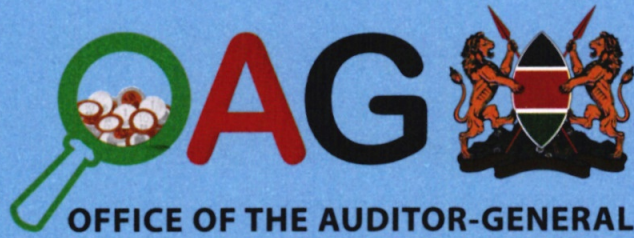


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL



PAPERS LAID	
DATE	12/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE
CLERK AT THE TABLE	CHEROP

ON

**KAKAMEGA COUNTY INVESTMENT AND
DEVELOPMENT AGENCY LIMITED**

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



KAKAMEGA COUNTY INVESTMENT
AND DEVELOPMENT AGENCY
21 DEC 2023
FINANCE
P. O. Box 36-50100, KAKAMEGA

OFFICE OF AUDITOR GENERAL
RECEIVED
21 DEC 2023
Sign: [Signature]
P. O. Box 2042-50100, KAKAMEGA



**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

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

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

KAKAMEGA COUNTY INVESTMENT
AND DEVELOPMENT AGENCY
21 DEC 2023
FINANCE
P. O. Box 36-50100, KAKAMEGA

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

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KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

2. Key Entity Information and Management

a) Background information

The Kakamega County Investment and Development Agency Ltd (KCIDA) was established through an Act of the County Assembly, referred to as The Kakamega County Investment and Development Agency Act, 2018 to provide for the establishment of a legal and institutional framework for promotion and co-ordination of investment by the County government of Kakamega and for connected purposes

The Kakamega County Investment and Development Agency Ltd (KCIDA) is established by and derives its authority and accountability from Kakamega County Investment and Development Agency Act on 4th September 2018. The Agency is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Agency is to;

- i. Hold property and assets on behalf of the County Government for the purposes of investment,
- ii. Undertake investments on behalf of the County Government for the purposes of generating revenue;
- iii. Identify strategic investment opportunities for the benefit of the County;
- iv. Undertake investment ventures in partnership with other entities for the benefit of the County;
- v. Promote economic growth within the County;
- vi. Advise the County Government on investment opportunities;
- vii. Assist and facilitate investors to establish investments in the county; and
- viii. Carry out such other roles and perform such other functions as may be necessary for the implementation of the object and purpose of the Act.

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

c) Board of Trustees/Agency Administration Committee

No	Name	Position
1.	Prof. Nelson Wawire Horace	Chairman
2.	Dr. June Mwajuma (Chief Officer, Finance)	Member
3.	CPA Samson Otieno (Chief Office, Economic Planning and Investment)	Member
4.	CPA Mumia Koroti	Member
5.	Mrs. Alice Nanjala Wafula	Member
6.	Mr. Peter Juma Mwombe	Member
7.	Mr. Robinson Oduma	Member
8.	Dr. Boniface Okoth (County Secretary)	Member
9.	CS Vivianne Komwonyo (County Attorney)	Member
10	Ms. Elizabeth Asichi (CEO)	Member

d) Key Management Team

No	Name	Position
1	Ms. Elizabeth Asichi	Chief Executive Officer
2	Amboka Collins	Accountant

e) Fiduciary Oversight Arrangements

No	Entity	Role
1	Audit Committee and Finance committee activities	Provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations
2	Senate Committee Activities	Legislation, Oversight and Representation
3	County Assembly	Legislation, Oversight and Representation

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

4	Development partner oversight activities	Predominant roles played by development partners have been shown to include capacity building, project planning, lobbying and advocacy, others (including resource mobilization) and financing respectively
5	Controller of Budget	This role involves overseeing the implementation of the budgets of both national and county governments. The Controller of Budget in this role therefore monitors the use of public funds in-year and reports to Parliament on how the funds have been utilised.
6	Office of the Auditor General	The Auditor-General (AG) is mandated to audit and report on the use and management of public resources by public entities. Article 229(6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way

f) Registered Offices

P.O. Box 36-50100, 056 31850/31852/31853
 County Headquarters
 Kisumu/Kitale Highway
 Kakamega, KENYA

g) Agency Contacts

P.O Box 662 - 50100
 Telephone: 0705050506
 E-mail: CEO-investment@kakamega.go.ke
 Website: www.kcida.co.ke

h) Agency Bankers

KCB Ltd-Kakamega branch

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

Office of the county Attorney,
County Government of Kakamega,
County Headquarters Annex, Room 112,
P.O. Box 36-50100,
KAKAMEGA, KENYA.
Email. kakamegalegal@gmail.com

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

3. Board of Trustees/ Agency Administration Committee (Or Any Other Corporate Governance Body for The Agency)



Prof. Nelson H. Wawire
 Chairman

Ph.D in Economics, Master of Arts (Economics) & Bachelor of Education. Professor of Economics & Research Coordinator for Kenyatta University Women's Economic Empowerment Hub.

Consultancies: Commission for Revenue Allocation, African Economic Research Consortium, World Bank, COMESA Centre for Global Development; Centennial Group Holdings LLC, , UNECA, African Development Bank, UNDP, UNCRD, Partnership for Economic Policy, UNESCO, KIPPRA, Transition Authority, Intergovernmental Relations Technical Committee (IGRTC), Kenya Bankers Association, Salaries and Remuneration Commission, Barclays Bank of Kenya, Central Bank of Kenya, Competition Authority of Kenya, University of Pavia & CISP/CDN.



Dr. Jeophita J. Mwajuma
 Chief Officer, Finance and Budget.
 Member

Ph.D in Environmental Microbiology, Masters of science degree in Microbiology and a Bachelor of Science degree(Botany/zoology) from Kenyatta University. She has undertaken strategic leadership Development Programme, senior Management Course and an IFMIS training for AIE Holders at the Kenya School of Government.

Dr. Mwajuma has a depth of 12 years as a senior lecturer as well as senior management roles in various positions. She has previously served as the Chief Officer department of Environment, waste management and energy among other positions.

She has served as the Chief Officer Department of Finance and Budget in the County government of Kakamega from November 2022 to date






CPA Samson Otieno
 Chief Officer,
 Economic planning and Investment
 Member

Acted as chief Officer finance from October 2021 to December 2022, previously Head of Budget and Head of Treasury. A holder of a bachelor of Business Administration-Accounting and Finance option from Kenya Methodist University. A member of Certified Public Accountants of Kenya (ICPAK) and currently pursuing Master of Business Administration Finance from University of Nairobi. Senior management Course at the Kenya School of Government and also undertaken various trainings on public finance key among them on County Government Public Finance Management Fourteen (14) years' experience and expertise in accounting, finance, planning and budgeting garnered from both the public and private sectors wherein he has managed preparation of annual budgets, development of key policies on finance, accounting and planning.

Commenced career as branch accountant at Lupa caterers Ltd in 2007 before joining Prime Aluminium Casement Ltd as an accountant assistant in 2008. He subsequently joined the National Treasury in 2009 as accountant one (I) where he rose to senior accountant before joining the

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

	<p>County Government in 2013 as budget officer through Transition Authority.</p>
<p>Mrs. Alice Nanjala Wafula Board Member and Chair, Finance & Administration Committee</p>	<p>Ms. Alice Nanjala Wafula is an experienced accountant and administrator currently working with Nzoia Water Services Company (NZOWASCO) as a Senior Finance Officer. She also doubles up as a Part- Time Lecturer at Kibabii University.</p> <p>She holds a Master of Business Administration (Finance) from Kibabii University and a Business Management Degree from Masinde Muliro University.</p> <p>Ms. Nanjala brings on board a wealth of experience spanning over 30 years in various organizations and disciplines.</p>
	<p>Mr. Robinson Oduma is a senior academician and administrator with more than 30 years' work experience acquired in the academic field. He currently works as a Lecturer at Masinde Muliro University of Science and Technology (MMUST).</p> <p>Mr. Oduma is currently studying for a Doctor of Philosophy Degree at Moi University. He holds a Master of Philosophy in Linguistics and a Bachelor of Education.</p> <p>Over the years, Mr. Oduma has amassed knowledge and experience in teaching, strategic management and team leadership</p>
	<p>CPA Mumia Koroti has over 28 years of experience in increasingly responsible roles within Accounting and Finance functions both in the Multinational and Public enterprise environments. He is currently the Chief Financial Officer, Kwale International Sugar Co. Limited (KISCOL). Previously held the positions of: Head of Finance at South Nyanza Sugar Company, Finance Manager at New KCC Ltd and Senior Factory Accountant at Firestone East Africa Ltd.</p> <p>He holds an MBA in Finance from University of Nairobi, a BA (Economics) from Moi University. A member in good standing of both the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Directors (Kenya)-IOD (K).</p> <p>Mr. Koroti has wider exposure in project financing, financial model processes, management of syndicated financing and stakeholder relationships. Solid experience in SAP implementation, planning, controlling, risk management, reporting and performance management systems. Over 18 year's in-depth experience in handling board matters and corporate governance practices.</p>

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023



Mr. Peter Juma Mwombe,
 Board Member and Chair,
 Investment Promotion
 Committee

Mr Mwombe hold a degree in Education, (Double economics), he also holds a diploma in computer operations management. Director Mwombe is a consummate administrator and business man with experience spanning over 30years in various fields. Currently he is the director in charge of economic diplomacy at The Kenya National Chamber of Commerce and Industries (KNCCI). In his role at the chamber he offers leadership on capacity building, HR related matters and business improvement initiatives. He is also the CEO Marian Estate agents limited and Marian Services ltd, a real estates company. He brings on board a wealth of experience having worked over the years in various sectors as an administrator, IT expert, High School Principal, a councilor, Psychotherapist as well as a project manager.



CS. Vivianne M. Komwonyo
 County Attorney
 Member

LLM, Post Graduate Diploma (PDG) In Law, Bachelor of Laws, (LLB), Certified Secretary (CS), Notary Public, Senior Management, Advocate of the High Court of Kenya
 Ag. County Attorney, Senior Legal Office County Government of Kakamega, Associate at Wetangula Adan & Makokha Advocates, Senior Litigation Counsel at Makokha Wattanga & Luyali Advocates, FIDA Kenya Probono Counsel



Ms. Elizabeth Asichi
 Chief Executive Officer
 Member

Qualifications
 MBA Strategic Management, BSC Quantitative Economics, Member KIM
Experience
 CEO KCIDA, Ag. Deputy Director Investment -KCIDA, Senior Economist in Kakamega County, Chief Administrative Officer Kakamega County, Banker- KCB Bank (K) Ltd for 10years

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended, June 30, 2023

4. Management Team



Ms. Elizabeth Asichi
 Chief Executive Officer
 Member

MBA Strategic Management, BSC Quantitative Economics,
 Member KIM
 CEO KCIDA, Ag. Deputy Director Investment -KCIDA, Senior
 Economist I Kakamega County, Chief Administrative Officer
 Kakamega County, Banker- KCB Bank (K) Ltd for 10years



Mr. Amboka Collins
 Mbalukha
 Accountant

Qualifications

Bachelors Degree in Commerce Finance, Currently undertaking
 KASNEB Certified Public Accounts Professional Papers.

Experience

Previously worked as an accounts assistant at the Kakamega
 County Teaching and Referral Hospital. Has a 3 years experience
 in public accounts and finance.

Has Served as the Accountant for KCIDA since July 2022 to
 date.

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

5. Board Chairperson's Report

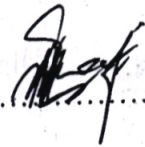
Kakamega County Investment and Development Agency Limited was established by an Act of the County Assembly in the August 2018 with the main mandate of promoting Kakamega as an Investment Destination. The role of the Agency also includes advising the County Government on Investment opportunities and also identify strategic investment opportunities for the benefit of the County.

The full Board of Directors of the agency were constituted by March in June 2023. The first Board of directors of the Agency initiated the initial action which was to develop structures that would enable the Agency to operate. This included opening of KCIDA account which became operational in February 2021 when it received part of the budgeted Agency's allocated funds by the county assembly for the FY 2020/21. The Agency is semi-autonomous and its activities are fully dependent on approvals from the County Treasury for its operationalization, and also other entities of county such as the County Public Service Board and the Department of Public Service and Administration on matters related to recruitment and staffing. The Agency has developed policy documents that are to create structures of the Agency and this include; the Strategic Plan, an organization structure and the Kakamega County Investment Policy.

To remain sustainable in the long run and reduce its dependence on government funding, the Agency is to create partnerships with private entities, joint ventures and Public Private Partnerships so as to invest in revenue generating investment on behalf of the County Government of Kakamega as guided by the Kakamega County Investment and Development Agency Act, 2018.

In this regard, the Agency was incorporated as a private limited company on 15th June 2021 by the Registrar of Companies and the shareholders are the County Government of Kakamega who owns 100% shares of the company and the board of directors who hold no shares in the company.

In conclusion, I call on all stakeholders to effectively play their part in supporting the Agency to realize its mandate. It will require a lot of dedication, success and hardworking on the part of all stakeholders to make this big dream comes true

Name Nelson Wawire PHD Signature  Date 30th June, 2023

Chairperson of the Board/Agency

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

6. Report of The Agency Administrator

Kakamega County Investment and Development Agency Limited was established by an Act of the County Assembly of Kakamega in 2018 to provide for the establishment of a legal and institutional framework for promotion and co-ordination of investment by the county government of Kakamega and for connected purposes. The mandate of the Agency is to establish an efficient and effective framework for managing county government investments and co-ordinate and facilitate investments in the county.

The Kakamega County Investment and Development Agency Limited presents its financial statements for the period ended 30th June, 2023 in accordance with the format prescribed by the Public Sector Accounting Standards Board. The Corporation operates as a semi-autonomous agency controlled by the County Government of Kakamega.

The Agency was allocated Kshs. 22,375,513 in the financial year 2022/2023, the Corporation has spent Kshs 15.8 M out of the disbursed Kshs 20.1M. The agency did not realize revenue from the County Treasury of Kshs. 2,185,513 in the FY 2022-2023 and the said funding are expected to be realized in the FY 2023-2024.

The FY 2022/2023 was the Agency's breakthrough year. The Agency was able to on board the first investor; Regen Organics LV, a Manufacturing Company that uses organic waste and Black Soldier Flies to produce organic fertilizer, protein animal feeds and briquettes launched their plant on 31st May, 2023, courtesy of the Agency. Throughout the year, the Agency made concerted efforts to seek partnerships and collaborations with organizations whose objectives align with those of the County Government of Kakamega, writing proposals and concept notes to donors for funding. We also partnered with the United States Agency for International Development (USAID) and the State department of Crops development through JICA to support investment promotion initiatives that led to the development of the final value chain analysis report for Avocado, sunflower and upland rice, and an upgrade of the Agency's website.

Kakamega County Investment and Development Agency Ltd is fully committed to ensuring that Kakamega County becomes the hub of choice for investors we are counting on stakeholder's support to enable us achieve this mandate.

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

7. Statement of Performance Against the County Agency'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 development objectives of the Agency as per the 2020-2024 Strategic Plan for are:

- I. Attract and facilitate investments
- II. Strengthen investment promotion programs
- III. Develop partnership and collaboration framework
- IV. Develop and implement investment policies, strategies, systems and procedures
- V. Resource mobilization
- VI. Strengthen Institutional Capacity

During FY 2022/2023, the Investment Agency received Kshs 20.1M against an approved budget of 22.3M after supplementary I and II representing 90% of the budget. This resulted in the Agency underperforming against its work plan since the deficit of Kshs. 2,185,513 was not realized to facilitate other operations as per the budget and the work plan.

Objectives met

- I. Attracted a \$7.5Million organic waste manufacturing plant at the Matawa Industrial Park Mumias West Sub-County that will provide 3000 direct and indirect jobs
- II. Building beneficial partnerships with Kenya Diaspora Alliance, Kenya Development Corporation, USAID, JICA and WIDU Kenya
- III. Re-engineering the Agency's website
- IV. Participating in investment-related forums to promote Kakamega as the investment hub of the region
- V. Published and procured various promotional materials and equipment
- VI. Recruited a substantive CEO and 3 technical staff

Objectives yet to be met

- I. Acquisition of a company vehicle
- II. Review of the 2020-2024 Strategic Plan
- III. Successfully lobby for Funding through resource mobilization plans

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Challenges

- I. Lack of a utility vehicle
- II. Delayed and Insufficient budgetary allocations

Opportunities

A performance track record of the county alongside wide publicity of the county by the Agency gives the county visibility to attract potential donors and investors.

The Agency rides on the good governance structures, incentives and an enabling environment created to encourage private sector investors in doing business with Kakamega. This gives a competitive edge over neighbouring Counties

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Progress on attainment of Strategic development objectives

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

		Output	Indicator	Impact
Investment Promotion	To promote Kakamega as the best investment destination and investors put up sustainable projects in Kakamega County	I. Jobs created II. Wealth created III. Improved living standards	Number of investors on boarded	During FY 2022/2023, Agency on boarded one investor (Regen Organics LV)
Partnership and collaboration Framework	To set in place policies and guidelines to be followed when getting into partnerships	I. Streamlined partnership process II. Beneficial engagements with like-minded entities	Number of partnerships established	During FY 2022/23. THE Agency established beneficial partnerships and collaborated with; USAID, JICA, WIDU Kenya and KenInvest
Resource Mobilization	To mobilize for resources from partners to help the CGK bridge the resource gap and also make the Agency self-sustaining	I. Mobilized resources for both the Government and the Agency II. A self-sustaining Agency	Amount of Agencies mobilized from development partners and investors	The Agency developed a Resource Mobilization and Investment Promotion Strategy that has helped to enhance mobilization efforts. There is progress in terms of seeking partners
Investment Promotion Programs	To upscale investment promotion programs and activities	I. Participation in investment-related forums II. Production of various promotional materials III. Enhancing the Agency website	No. of potential investors attracted and onboarded	I. During FY 2022/23, the Agency participated in 9 investor-related forums and summits. II. Potential investors from these forums are actively being pursued
Strengthen Institution Capacity	Hire staff Capacity build staff in key areas related to their work	Improved efficiency in service delivery	No. of staff hired No./Type of trainings attended	During FY 2022/23, Agency staff were trained on;

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

				I. How to attract an investor-By USAID II. Investment Promotion- JICA(Tokyo Japan)
--	--	--	--	---

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

8. Corporate Governance Statement

The current Board was competitively recruited and sworn in, in the Financial Year 2022/2023 with the Board chair being retained from the previous regime. The Board held one full board meeting attended by all members in the year under review. Board committees were also constituted and their terms of references developed. These committees are Finance & Administration Committee, Strategy and Communication, Investment Promotion Committee and Audit Assurance and Risk Committee.

At the beginning of all Board meeting members were requested to declare if they had any conflict-of-interest issues on the agenda at hand.

The Chief Executive Officer and technical staff of the agency were recruited through a competitive process by the County Public Service Board. Interviews were carried out in April 2021 and May 2021.

The roles and functions of the Board are indicated in the Board Charter prepared by the Board and it clearly defines the respective roles, responsibilities and authorities of the board of directors (both individually and collectively). The directors did an induction course undertaken on inauguration and training by the State Corporation Advisory Committee.

The Board Chairman is entitled to a monthly honorarium of Kshs. 50,000 and airtime allowance of Kshs. 5,000. Board members are paid sitting allowances of between Kes 4,000 to Kshs. 15,000 on attending Board meetings. Independent Board members are also reimbursed travel and accommodation allowances.

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

9. Management Discussion and Analysis

Kakamega County Investment and Development is a County Government of Kakamega Agency. The Agency presents the Annual Financial Report and Statement for the financial year 2022-2023. The statement present the financial performance of the Agency for financial year 2022-2023.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act, 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board. The PFM Act, 2012 requires that these statements be submitted to the Office of the Auditor General and copied to the Clerk of County Assembly, The National Treasury, The Controller of Budget and The Commission on Revenue Allocation within 3 month after the end of financial Year

The Financial Statements present the recent actual fiscal performance for the year 2022-2023 and make comparisons to the budget appropriations for the same period. They further provide a comprehensive financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2022/2023.

The Agency was allocated Kshs. 22,375,513 in the financial year 2022/2023, the Corporation has spent Kshs 15.8 M out of the disbursed Kshs 20.1M. The agency did not realize revenue from the County Treasury of Kshs. 2,185,513 in the FY 2022-2023 and the said funding are expected to be realized in the FY 2023-2024.

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KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

10. Environmental and Sustainability Reporting

Kakamega County Investment and Development Agency exists to strengthen the core activities of the entity, as well as invest in strategic initiatives that will focus on the following priority areas: Investment promotion Priority Area, Investment services Priority Area, Networking and partnerships Priority Area, Institutional capacity of the Agency Priority Area, Asset management and Financial growth and sustainability of the Agency. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.

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

- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

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

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

11. Report of The Trustees

The Directors submit their report together with the financial statements for the year ended 30th June, 2023 which show the state of the Kakamega County Investment and Development Agency Ltd.

Principal activities

The principal activities of the of the Corporation is to create an enabling environment to attract investment and facilitate investors within Kakamega County. This will in turn spur socio-economic development in the County

Results

The results of the entity for the Year ended 30th June, 2023 are set out in pages 1-5.


Directors

The members of the Board of Directors who served during the year are shown on page v in accordance with the Kakamega County Investment and Development Agency Limited Act of 2018.

Auditors

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

By Order of the Board


.....
Chair of the Board

Date: 30/06/2023

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Agency established by Kakamega County Investment and Development Agency Act 2018, shall prepare financial statements for the Agency in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

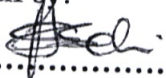
The Administrator of the County Public Agency is responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (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 Agency; (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 Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Agency accepts responsibility for the Agency'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 Kakamega County Investment and Development Agency Act, 2018. The Administrator of the Agency is of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2023, and of the Agency's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

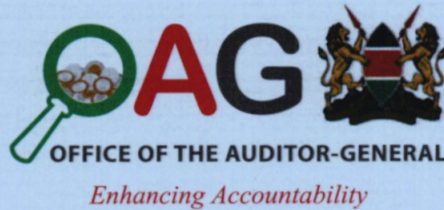
The Agency's financial statements were approved by the Board on 30/06/2023 2023 and signed on its behalf by:



.....
Administrator of the County Public Agency

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kakamega County Investment and Development Agency Limited set out on pages 1 to 34 which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of 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, the financial statements present fairly, in all material respects, the financial position of Kakamega County Investment and Development Agency Limited 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 Act, 2012 and the Kakamega County Investment and Development Agency Act, 2018.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.22,375,013 and Kshs.20,190,000 respectively, resulting in under-funding of Kshs.2,185,013 or 10% of the budget. Similarly, the statement reflects total actual expenditure of Kshs.15,769,081 against approved budget of Kshs.22,375,013 resulting to under-performance of Kshs.6,605,995 or 30% of the budget.

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

My opinion is not modified in respect of this matter

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were reported under the Report of the Financial Statements. However, Management has not resolved the issues or given reasons on the failure to resolve them as required by the Public Sector Accounting Standards Board reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Agency or to cease its 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Agency'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 overall 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 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 Agency'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 Agency 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 Agency to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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, SBS
AUDITOR-GENERAL

Nairobi


15 February, 2024

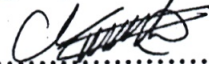
KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

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

	Note	FY2022/2023	2021/2022
		KShs	KShs
Revenue from exchange transactions			
Transfers from the County Government	1	20,190,000	14,830,000
Total revenue		20,190,000	14,830,000
Expenses			
Use of Goods and Services	2	15,602,048	14,696,966
Depreciation charge	3	167,033	25,000
Total expenses		15,769,081	14,721,966
Gain/loss on disposal of assets			-
Surplus/(deficit) for the year		4,420,919	108,034

(The notes set out on pages 18 to 38 to form an integral part of these Financial Statements)


 Name: Elizabeth Asichir
 Administrator of the Agency

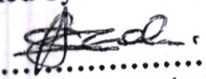

 Name: Ambolka Collins
 Agency Accountant
 ICPAK Member Number:

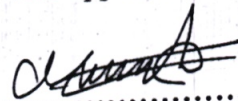
KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

15. Statement of Financial Position As at 30 June 2023

Assets			
Current assets	4	4,294,835	15
Cash and cash equivalents		-	-
Receivables		-	-
Prepayments		-	-
Inventories		-	-
Non-current assets	5	501,099	375,000
Property, plant and equipment		-	-
Intangible assets		4,795,934	375,015
Total assets			
Liabilities			
Current liabilities			
Provisions		-	-
Current portion of borrowings		-	-
Employee benefit obligations		-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Long term portion of borrowings		-	-
Total liabilities		4,795,934	375,015
Net assets		4,795,934	375,015
Accumulated surplus		4,795,934	375,015
Total net assets and liabilities			

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 30/06/2023 and signed by:


 Name: Elizabeth Asichi.
 Administrator of the Agency


 Name: Ambaka Collins
 Agency Accountant
 ICPAK Member Number:

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

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

	2021	2022	2023	2023
	Uganda Shs	Uganda Shs	Uganda Shs	Uganda Shs
Balance as at 1 July 2021	-	-	266,981	266,981.00
Surplus/(deficit) for the period			108,034	108,034.00
Funds received during the year			-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	375,015	375,015
Balance as at 1 July 2022	-	-	375,015	375,015
Surplus/(deficit) for the period	-	-	4,420,919	4,420,919
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2023	-	-	4,795,934	4,795,934

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

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

Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	20,190,000	14,830,000
Total Receipts		20,190,000	14,830,000
Payments			
Use of Goods and Services	2	15,602,048	14,696,996
Total Payments		15,602,048	14,696,996
Net cash flows from operating activities			
Changes in trade receivables		-	25,000
Add back depreciation		-	-
Net changes in cash and cash equity			
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	5	(293,132)	(375,000)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		(293,132)	(375,000)
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving Agency receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		4,294,820	(266,966)
Cash and cash equivalents at 1 JULY 2022		15	266,981
Cash and cash equivalents at 30 JUNE 2023	4	4,294,835	15

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

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

Annual Report and Financial Statements for the Year Ended June 30, 2023

**18. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended
30 June 2023**

Receipts	KShs	KShs	KShs	KShs	KShs	
Transfers from County Govt.,	18,230,222	4,144,791	22,375,013	20,190,000	2,185,013	90
Other income	-	-	-	-	-	0
Total income	18,230,222	4,144,791	22,375,013	20,190,000	2,185,013	90
Expenses						
Use of goods and services	18,230,222	4,144,791	22,375,013	15,602,048	6,772,965	70
Depreciation	0	0	0	167,033	(167,033)	
Total expenditure	18,230,222	4,144,791	22,375,013	15,769,081	6,605,932	70
Surplus for the period				4,420,919		

Budget notes

1. The Agency could not achieve above 90 %, as the County Treasury did not disburse all the funds as envisaged in the budget. The reason of which is delayed disbursement from national treasury.
2. At the same time the absorption was below 90 % because of delayed disbursement of funds

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

Annual Report and Financial Statements for the Year Ended June 30, 2023

19. Notes to the Financial Statements

1. General Information

Kakamega County Investment and Development Agency Limited entity is established by and derives its authority and accountability from The Kakamega County Investment and Development Agency Act, 2018. The entity is wholly owned by the Kakamega County Government and is domiciled in Kenya. The principal activity of the Corporation is to create an enabling environment to attract investment and facilitate investors within Kakamega County. This will in turn spur socio-economic development in the County.

2. Statement of compliance and basis of preparation

The Agency'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 Agency. 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*

IPSAS 41: Financial Instruments	Applicable: 1st January 2023 The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the
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**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

Annual Report and Financial Statements for the Year Ended June 30, 2023

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

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**
Annual Report and Financial Statements for the Year Ended June 30, 2023

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

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

IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>
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**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
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Annual Report and Financial Statements for the Year Ended June 30, 2023

	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii) Early adoption of standards

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

3. 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.

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
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Annual Report and Financial Statements for the Year Ended June 30, 2023
Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly. 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 Agency recorded additional appropriations of Ksh, 2,534,791 on the FY 2022-2023 budget following the governing body's approval.

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.

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

**Annual Report and Financial Statements for the Year Ended June 30, 2023
Summary of Significant Accounting Policies (Continued)**

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

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

c) Property, plant and equipment

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

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.

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

**Annual Report and Financial Statements for the Year Ended June 30, 2023
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.

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

**Annual Report and Financial Statements for the Year Ended June 30, 2023
Summary of Significant Accounting Policies (Continued)**

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**
Annual Report and Financial Statements for the Year Ended June 30, 2023
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.

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
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Annual Report and Financial Statements for the Year Ended June 30, 2023
Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *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 (an Agency) and will have no legal or constructive obligation to pay further contributions if the Agency does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to Agency 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.

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

Annual Report and Financial Statements for the Year Ended June 30, 2023
Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

Annual Report and Financial Statements for the Year Ended June 30, 2023
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 not raised and management did not determine an estimate based on the information available.

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)

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**

Annual Report and Financial Statements for the Year Ended June 30, 2023

6. Notes To The Financial Statements

1. Transfers from County Government

Transfers From County Govt. –Operations	20,190,000	14,830,000
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	20,190,000	14,830,000

2. Use of Goods and Services

Telephone	211,294	0
Communication	0	327,008
Internet Service	67,958	0
Hospitality		3,437,361
Accommodation	6,790,750	4,395,100
Daily subsistence	1,826,766	0
Maintenance Other assets		2,047,287
Postal and Courier Services	9,450	0
Bank commissions	82,449	26,700
Travel Costs (Airline, Bus and Mileage)	1,396,980	0
Catering	673,323	0
Boards, committees and conferences	4,132,440	0
GOS	30,905	0
Publishing and Printing	285,739	1,401,608
Subscriptions- news papers, periodicals	21,279	0
Refined Fuel	72,715	0
Prefeasibility and Appraisals	0	3,040,702
	15,602,048	14,696,996

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

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
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3. Depreciation and Amortization Expense

Property Plant and Equipment	167,033	25,000
Total	167,033	25,000

4. Cash and cash equivalents

Fixed Deposits Account	0	0
On – Call Deposits		
Current Account	4,294,835	15
Total Cash And Cash Equivalents	4,294,835	15

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

a) Fixed Deposits Account		
Kenya Commercial Bank	4,294,835	15
Equity Bank, Etc.	0	0
Sub- Total	0	0
	0	0
b) On - Call Deposits	0	0
Kenya Commercial Bank	0	0
Equity Bank - Etc.	0	0
Sub- Total	0	0
Grand Total	4,294,835	15

**KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY
LIMITED**
Annual Report and Financial Statements for the Year Ended June 30, 2023
Notes To The Financial Statements (Continued)

5. Property, plant and equipment

	12.5	25	12.5	25
			0	0
At 1st July 2021			400,000	400,000
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	400,000	400,000
At 30th June, 2022			400,000	400,000
At 1st July 2022			293,132	293,132
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustments	-	-	693,132	693,132
At 30th June, 2023				
Depreciation and impairment			25,000	25,000
At 30th June 2021			-	-
Depreciation	-	-	25,000	25,000
At 30th June 2022			25,000	25,000
At 30th July 2022			167,033	167,033
Depreciation	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustment	-	-	192,033	192,033
At 30th June 2023				
Net book values			375,000	375,000
At 30th June 2022				
At 30th June 2023			501,099	501,099

The depreciation rates used on this PPE Movement schedule is 12.5% for buildings, 25% for Motor Vehicle, 12.5 % for furniture and fittings and for computers and office equipment. They Fixed assets are depreciated on reducing balance method.

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Notes To The Financial Statements (Continued)

6. Intangible assets

2023		
Cost	2023	2022
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment	0	0
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

7. Investment Property

2023		
At beginning of the year	2023	2022
At beginning of the year	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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Notes To The Financial Statements (Continued)

8. Trade and other payables from exchange transactions

Trade Payables	0		0	
Receivable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	0		0	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	2023	%	2022	%
1-2 years	2023	%	2022	%
2-3 years	2023	%	2022	%
Over 3 years	2023		2022	
Total (tie to above total)	2023		2022	

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

9. Provisions

Balance At the Beginning Of The Year	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End of The Year	0	0	0	0

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Notes To The Financial Statements (Continued)

10. Borrowings

Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	0	0
Repayments Of Domestic Borrowings During the Period	0	0
Balance At End of The Period	0	0

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

External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End of The Year	0	0

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

Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

(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)

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
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Notes To The Financial Statements (Continued)

11. Employee benefit obligations

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

12. Social Benefit Liabilities

Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

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.

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Notes To The Financial Statements (Continued)

13. Cash generated from operations

	2022/23	2021/22
Surplus/ (Deficit) For the Year Before Tax	0	0
Adjusted For:	0	0
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments	0	0
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	0	0

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

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Notes To The Financial Statements (Continued)

14. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Agency 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 Agency/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

Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Other Disclosures Continued

e) Due to related parties

	2022/23	2021/22
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

15. Contingent assets and contingent liabilities

	2022/23	2021/22
Court Cases Against the Agency	0	0
Bank Guarantees	0	0
Total	0	0

(Give details)

Notes To The Financial Statements (Continued)

16. Financial risk management

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

a) Credit risk

The Agency 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:

At 30 June 2023				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

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

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

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 xxxx

The board of trustees sets the Agency'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 Agency 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 Agency 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.

	0	0	0	0
At 30 June 2023 (Current FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022 (Comparative FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

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 Agency'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:

At 30 June 2023 (Current FY)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

The Agency manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LIMITED
Annual Report and Financial Statements for the Year Ended June 30, 2023

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Agency'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.

2022/2023 (Current FY)			
Euro	10%	0	0
USD	10%	0	0
2021/2022(Comparative FY)			
Euro	10%	0	0
USD	10%	0	0

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 Agency to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Agency'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 Agency 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).

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Revaluation reserve	0	0
Revolving Agency	0	0
Accumulated surplus	0	0
Total Agencies	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a body corporate established by Kakamega County Investment and Development Agency Limited Act, 2018 under the Department of Finance and Economic Planning. Its ultimate parent is the County Government of Kakamega.

19. Currency

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

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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.

Basis for adverse opinion	1. Unsupported Use of Goods and Services	The Management has noted the auditors observation and has provided the schedule as requested by the auditor for his/her review	Not resolved	2024
	2. Unsupported Property, Plant and Equipment	The management has noted the auditor's observation and presented the asset register to the auditor for further verification. In addition, the PPE has been updated to reflect the fireproof compact safe.	Not resolved	2024
Other Matters	Budgetary Control and Performance	The management noted the auditors observation and main reason attributable to underfunding and under performance is late disbursement of exchequer issues from the national treasury.	Not resolved	2024

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Agency responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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

Date.....

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KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY LTD
 P.O. Box 662-50100, Kakamega
 Tel: 0705050506
 Email: info@kcida.co.ke | CEO-investment@kcida.co.ke

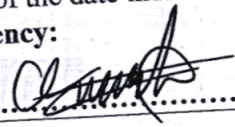
The Kakamega County Government wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided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

Confirmation of amounts received by [Insert name of beneficiary Agency] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by Kakamega County Government (Kshs) as at 30 th June 2023				Amount Received by Kakamega County Investment and Development Agency (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
1.	25/08/2022	1,610,000	0	0	1,610,000		
2.	11/09/2022	1,610,000	0	0	1,610,000	1,610,000	0
3.	06/12/2022	1,610,000	0	0	1,610,000	1,610,000	0
4.	23/02/2023	1,610,000	0	0	1,610,000	1,610,000	0
5.	23/02/2023	1,610,000	0	0	1,610,000	1,610,000	0
6.	09/05/2023	1,940,000	0	0	1,940,000	1,610,000	0
7.	09/05/2023	500,000	0	0	500,000	1,940,000	0
8.	19/05/2023	1,940,000	0	0	1,940,000	500,000	0
9.	10/07/2023	3,880,000	0	0	3,880,000	1,940,000	0
					3,880,000	3,880,000	0

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10.	10/07/2023	3,880,000	0	0	3,880,000	3,880,000	0
Total		20,190,000			20,190,000	20,190,000	

I confirm that the amounts shown above are correct as of the date indicated.
 Head of Accountants department of beneficiary Agency:

Name Ambaka Collins Sign  Date 30/06/2023

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Annex III: Reporting of Climate Relevant Expenditures

				Q1	Q2	Q3	Q4		

