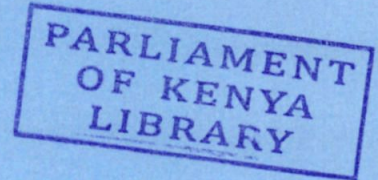


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**BUSIA COUNTY CO-OPERATIVE
ENTERPRISE DEVELOPMENT FUND**

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

PAPERS LAID	
DATE	26.02.2025
TABLED BY	MAJORITY LEADER
COMMITTEE	
CLERK AT THE TABLE	BELINDA



BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

2. Key Entity Information and Management

a) Background information

The Co-operative Enterprise Development Fund is a semi-autonomous Busia County Government entity established in the County Department of Trade, Investment, Industry and Co-operatives in July 2014 by an Act of the County Assembly 'Busia County Co-operative Enterprise Development Fund Act, 2014'. The Fund is domiciled and operates within Busia County in the Republic of Kenya. It is governed by the Fund Committee Members and headed by the Fund Director/Administrator and Committee Secretary who is responsible for general policy implementation and strategic direction of the Fund and the Secretary to the Committee. The aim of the Fund is to provide affordable financing to all registered co-operative institutions in Busia County.

b) Principal Activities

As stipulated in the Co-operative Enterprise Development Fund Act, 2014 the objective and the purpose for which the Fund was established is 'to provide funds to be used for granting low-interest loans to co-operative institutions in Busia County, with a view to supporting them scale up their lending activities, value addition, promote entrepreneurship and enhance production and productivity.

The mandate of the Fund as conceptualized is to:

- a. To disburse loans to deserving and qualified co-operative societies in Busia County
- b. Recover all outstanding loans disbursed
- c. Establish a viable and sustainable revolving fund

Section 4 of the Fund Act sets out the object and the purpose of the Fund as follows: -

- a. To provide funds to be used for granting low-interest loans to cooperative institutions with a view to scaling up their lending activities, value addition, promote entrepreneurship and enhance productivity.
- b. To provide funds to support, revive and initiate cooperative sector institutions in areas that can have an immediate impact to household economy;
- c. To attract and facilitate investment in cooperative sector institutions that have linkages to micro, small and medium enterprises that benefit the youth;
- d. provide financial support to cooperative sector institutions that support strategic and high-return interventions which directly and indirectly have the potential to trigger growth and sector-wide impact;
To attract and facilitate investment in cooperative sector institution that have linkages to low- income persons, community-based organizations, and women groups; and
- e. To provide funds to cooperative sector institutions to facilitate marketing of products and services both in the domestic and the international markets.

Further, Section 10 of the Act states the functions of the Fund Committee as to: -

- a. formulate policy guidelines on cooperative sector funding;
- b. Ensure that all projects funded under this Act are consistent with the counties priorities specified in the relevant policy documents;
- c. Approve proposals submitted to it by the Unit under this Act;

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

- d. Authorize allocations from the Fund ;
- e. Formulate or approve standards, guidelines and procedures for funding proposals under this Act,
- f. Approve the organizational structure of the Unit;
- g. Provide oversight in the utilization of the Fund; and perform any other function as may be conferred on it by this Act or any other written law.

c) Fund Administration Committee

Ref	Name	Position
1	Roselyne Pepela	Chairperson
2	Elijah Mwaro	Departmental Chief Officer
3	Gipson Wafula	Chief Officer Finance
4	Catherine Nagwalla	Committee Member
5	Innocent Omboko	County Attorney
6	Oscar.E. Odaba	Fund Administrator
7	Vincent Ombitsi	Departmental Accountant

d) Key Management

Ref	Name	Position
1	Oscar .E. Odaba	Fund Administrator
2	Elijah Mwaro	Departmental Chief officer
3	Vincent Ombitsi	Fund Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Maximilla Ayieko
2	Busia County Assembly	CPA Erambo

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

f) Registered Offices

P.O. Box 353-50400
Cooperative Building
Assembly Road
Busia, KENYA

g) Fund Contacts

Telephone: (254) 733342435
E-mail: coopfundbusia@gmail.com.go.ke
Website: www.busiacyounty.go.ke

h) Fund Bankers

Co-operative Bank of Kenya-Busia Branch
P.O. Box 326-50400
Busia, Kenya

i) Independent Auditors

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

j)Principal Legal Adviser






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

k) County Attorney

Office of the County Attorney
P.O Box Private Bag
Busia

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Vincent Ombitsi</p>	<p>Education: Bachelor of Commerce-Accounting/Finance CPA (K), Senior Management Course (KSG) Work Experience: Over 10 years in finance and accounting Chief finance /representative</p>
 <p>Catherine Nagwalla</p>	<p>Born :12 May 1982 Education: Bachelor of commerce(supplies) Work Experience :Over 10 years working experience as a banker</p>
 <p>Roselyne Pepela</p>	<p>➤ Masters of Arts, Community Development and Project Management Over 10 years experience in project management</p>
 <p>Elijah Mwaro</p>	<p>➤ B.A Degree in Education From Moi University Over 10 years working experience DEPARTMENTAL CHIEF OFFICER</p>
 <p>Eugene Oscar Odaba</p>	<p>➤ Member of KIM ➤ Currently undertaking PHD degree in Business Administration at Jkuat ➤ Strategic Leadership Management at KSG ➤ MBA (Management science) ➤ Over 15 years working experience FUND ADMINISTRATOR</p>

**BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024**



Innocent Omboko

Qualification:

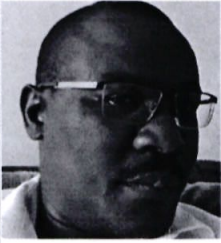

- Bachelors of Law Degree

Work Experience:

Over 10 years in practicing Law

**BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Management Team

Name	Details of qualifications and experience
 <p>1. Eugene Oscar Odaba,</p>	<ul style="list-style-type: none"> ➤ Member of KIM ➤ Currently undertaking PHD degree in Business Administration at Jkuat ➤ Strategic Leadership Management at KSG ➤ MBA (Management science) ➤ Over 15 years working experience <p>FUND ADMINISTRATOR</p>
 <p>2. Elijah Mwaro</p>	<ul style="list-style-type: none"> ➤ Born 12/05/86 ➤ B.A Degree in Education From Moi University Over 10 years working experience <p>DEPARTMENTAL CHIEF OFFICER</p>

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

5. Fund Chairperson's Report

Overview

The Co-operative Fund has played a critical role in the County as it endeavours to promote the welfare and economic sustainability of the people of Busia County. The Fund's financial interventions are to support the promotion, initiation and revival of co-operative sector institutions in areas that can have immediate impact to household economy.

The Committee acknowledges the enormous support from all our stakeholders including but not limited to; the mother Department, cooperative societies' leadership, the cooperative movement, our staff (including Sub County Cooperative Officers and partners.

Corporate Governance

. The composite Board performance index was rated at over 80%. The Board welcomed two new members who are public servants to replace the exit of former servants. In addition, we intent to have mechanism of investment as a unit as prescribed by the Act, however the county investment policy is still in process.

During the year under review the Fund finalized the agreement with metropol for positive listing of the debtors. The Fund staffs were trained on the listing of the loanees as this will enhance proper and timely repayments.

Outlook

It is important to note that as results of national government to engage cooperatives in value chain model, it will be achievable if funds can be channelled through the unit to maximize on the output and also monitoring. A total of Ksh. 1,634,364 was repaid during the same financial year. The repayment performance was heavily affected by lack of capacity building to cooperatives resulting to dormancy. For the Fund to achieve its objectives and for its sustainability, disbursements from the County Treasury need to be consistent and predictable. We endeavour to look for more partnerships with other organisation in meeting the social economic gain for all cooperatives.

On behalf of the committee, I take this opportunity to thank the County Government through the Department of Trade, Investment, Industry and Co-operatives, fellow Committee Members, customers, our partners and all stakeholders for their support during the year under review. I thank the Staff and management of the Fund Unit for their dedicated commitment to our purpose of empowering the people of Busia. The Board is optimistic that this Fund can really turn around the economic fortunes of the people of Busia through the co-operative movement.

Name..... Rosemary pepela Signature..... Rpepela Date..... 11/11/2024

Chairperson of the Board/Fund



BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of The Fund Administrator

During the year under review the Fund had two main activities, credit provision and recovery of the disbursed loans. Given that very little budgetary allocation was given to the Fund for disbursement, more effort was directed on recoveries. However, there is need for proper planning on capacity building to the cooperatives. Most of the beneficiaries have changed their management team and therefore proper allocation for the fund to meet the expectations of the cooperatives trainings is vital.

In an effort to discourage loan defaulting the Fund Unit has plans to initiate legal measures through the office of solicitor general. The outstanding loans the end of this financial year stands at Ksh 67,484,352 as this is cumulatively with interest. We are glad; a few cooperatives have cleared their loans while others strive towards completion.

Financial Performance

In the financial year under review no interest income was realised because interest on loans was not charged up front as is the practice. This was due to the smaller amounts involved.

Challenges

During the year the Fund faced a number of challenges that negatively affected the Fund's ability to deliver on its mandate. These challenges are summarised below:

- (i) Budgetary constraints for monthly field visit.
- (ii) Non continuous repayments of loan
- (iii) Lack of transport for use in the field to monitor and do recoveries of disbursed funds.
- (iv) Not having loan officers at all the sub county offices. At the moment, the Fund has only three loan officers serving seven sub-counties.
- (v) Lack of an Enterprise Resource Planning system, especially a loan management system. Currently all Fund operations are manual.
- (vi) Lack of autonomy of the Fund. At the moment the Fund is just a unit within the Department of Trade, Investment, Industry and Co-operatives despite the fact that there is a Fund Committee that is supposed to be a body corporate. This limits the Fund's ability to mobilise resources from external sources.
- (vii) None allocation of a recurrent budget to the Fund. The money allocated to the fund has always been treated as development, thus limiting the Fund's education and training activities for beneficiaries.

Way forward

In order to address the above-mentioned challenges and to make the Fund Sustainable the following issues need to be addressed both by the Fund Committee and the County Treasury

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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

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

The key development objectives of the Busia County Co-operative Enterprise Development Fund are to:

- To provide funds to be used for granting low interest loans to co-operative institutions with a view to up scaling their lending activities, value addition, promote entrepreneurship and enhance productivity.
- To provide funds to support, revive and initiate co-operative institutions in areas that can have an immediate impact to household economy.
- To attract and facilitate investments in co-operative sector institutions that have linkages to micro, small and medium enterprises that benefit the youth.
- To attract and facilitate investments in co-operative sector institutions those have linkages to low-income persons, community-based organisations, and women groups.
- To provide funds to co-operative sector institutions to facilitate marketing of products and services both in the domestic and international markets.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Lending to Co-operative Societies	To provide co-operative societies with affordable credit	Amounts disbursed increased	Amount disbursed	No funds disbursed.
	To recover disbursed funds	Increased revolving funds	Amount recovered/repaid	Kshs 1,634,364 was principal repaid during the year.
Beneficiary Education and Training	To impart knowledge and skills in the use of borrowed funds	Increased efficiency and effectiveness in the utilization of borrowed funds	No. of beneficiaries trained	None

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

i. Introduction

The Committee of the Fund is committed to upholding the principals of corporate governance that will promote the interest of the people of Busia County, build confidence in its leadership and strengthen the accountability of the committee.

ii Board of Fund Administration Committee

a. Mandate

The committee's responsibilities are to formulate guidelines on cooperative sector funding; ensure that all projects funded under the Fund's Act are consistent with the county's priorities specified in relevant policy documents; approve proposal submitted to it by the unit under the Act; authorise allocations from the Fund; formulate or approve standards, guidelines and procedures for funding proposals under the Act; approve the organisation structure of the unit; provide oversight in the utilisation of the fund and; perform any other function as may be conferred on it by the Act or any other written law.

The committee's operations are governed by the Cooperative Enterprise Development Fund Act, 2014

b. Membership and size

The membership comprises of long serving public and non-public servants helping the Fund with diverse experience. The committee currently comprises of six members, two from the private sector and the four from the public sector. The committee is satisfied with the commitment of each member.

c. Operations

. The chairperson together with the Fund administrator ensures that the committee operates effectively and in accordance with the Fund's Act. The CEDF Unit comprises of three loan officers that assist in the daily running of the fund, appraisals and recovery of the loans as stipulated in Fund Act.

d. Committee compensation.

The committee members are paid allowances as per the Salaries and Remuneration Commission guidelines.

e. Separation of roles.

The roles of the Chairperson and the Fund Administrator are separately held and the division of their responsibilities is clearly established to ensure no duplication or conflict of roles. The Chairperson is responsible for ensuring effective communication with stakeholders including donors, promoting high level of corporate governance and serving as a resource to management in matters of strategic importance to the Fund.

The committee secretary/CEO is responsible for managing day-to-day operations of the Fund, execution of strategy and policy approved by the committee. He is also accountable for the Fund performance and reports to the committee.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

f) Removal of the committee member

The process and removal of the Committee members shall be vacant if a member:

- Is adjudged bankrupt.
- Is convicted of a crime offence and sentenced to a term of imprisonment of not less than six months.
- Is convicted of an offence involving fraud or dishonesty.
- Is absent, without reasonable cause from three consecutive meetings of the committee.
- Resigns in writing addressed to the member of the Executive Committee.
- Is removed from the office by the Member of the Executive Committee for:
 - (i) Being unable to perform the functions of his office by the reason of mental or physical infirmity.
 - (ii) Failing to declare his/her interest in any matter being considered or to be considered by the committee

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

Operational and Financial Performance of the Fund

As at the year ended 30 June 2024 the Fund's Cash assets were valued at Kshs 4,539,198. The Total receivable as at 30th June 2024 stands at 67,484,352. Total revolving loan stands at Ksh 115,005,000.

They were no key decisions and projects implemented under the year of review by the Management.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

10. Environmental and Sustainability Reporting

The fund did not carry out any CSR activities under the year of review.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide funds to be used for granting low interest loans to co-operative institutions operating in Busia County

Results

The results of the Fund for the year ended June 30, 2024, are set out on page 1- 7

Trustees

The members of the Fund Administration Committee who served during the year are shown on page vi

Auditors

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

By Order of the Board

.....
Pepela

Chair of the Board/Fund Administration Committee

Date: 11/11/2024

**BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024**

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Busia County Co-operative Enterprise Development Fund Act, 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

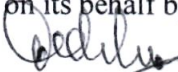
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i)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

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Busia County Cooperative Enterprise Development Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

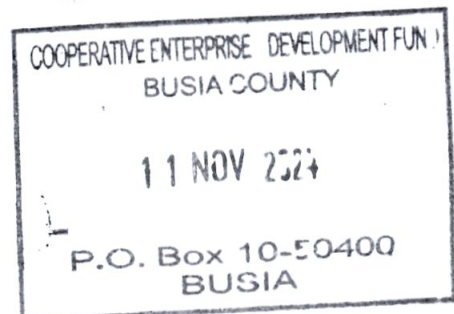
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 11/11 2024 and signed on its behalf by:


.....

Administrator of the County Public Fund



REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON BUSIA COUNTY CO-OPERATIVE ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Busia County Co-operative Enterprise Development Fund set out on pages 1 to 41 which comprise of the statement

Report of the Auditor-General on Busia County Co-operative Enterprise Development Fund for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Busia County Co-operative Enterprise Development Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Busia County Co-operative Enterprise Development Fund Act, 2014 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Refund from the Department

The statement of financial performance reflects refund from the department of trade, investment, industry, and co-operatives amounting to Kshs.926,000 and as disclosed in Note 1 to the financial statements whose nature and source was not explained.

In the circumstances, the accuracy and completeness of refund from the department amounting to Kshs.926,000 could not be confirmed.

2. Unconfirmed Transfers from the County Government

The statement of financial performance reflects transfers from County Government of Kshs.8,000,000 and as disclosed in Note 2 to the financial statements. However, the financial statements of the County Executive of Busia reflects a corresponding transfer of Kshs.5,500,000. The resulting variance of Kshs.2,500,000 has not been explained or reconciled.

In the circumstances, the accuracy and completeness of transfers from County Government amounting to Kshs.8,000,000 could not be confirmed.

3. Unsupported Prior Year Adjustment

The statement of financial performance reflects prior year adjustment of Kshs.2,000,000 and as disclosed in Note 3 to the financial statements whose source and nature was not explained, and its supporting documents were not provided for audit.

In the circumstances, the accuracy and completeness of prior year adjustment amounting to Kshs.2,000,000 could not be confirmed.

4. Unsecured Loans

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.67,484,352 which relates to loans issued to

several cooperative societies. However, no evidence was provided in support of collateral pledged on the loans issued.

In the circumstances, the accuracy, completeness and recoverability of current portion of long-term receivables from exchange transactions balance of Kshs.67,484,352 could not be confirmed.

5. Doubtful Recoverability of Long Outstanding Loan Balances

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.67,484,352 and as disclosed in Note 13 to the financial statements. The amount represents the balance of loans disbursed to ninety-two (92) co-operative societies between 2014 and 2019 whose repayment due dates were between 2016 and 2023.

A total of Kshs.106,966,668 was disbursed as loans between 2014 and 2019. However, as at 30 June, 2023, the last date when all the loans were due for repayment, only loans amounting to Kshs.39,482,316 had been repaid leaving an outstanding balance of Kshs.67,484,352. No explanation was provided for the failure to recover the outstanding loan balances.

In the circumstances, the recoverability of loan balances amounting to Kshs.67,484,352 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved receipts budget and actual on comparable basis of Kshs.10,889,904 and Kshs.8,576,062 respectively, resulting to under-funding of Kshs.2,313,842 or 21% of the budget. Further, the statement reflects approved expenditure budget and actual on comparable basis of Kshs.10,889,904 and Kshs.6,031,070 respectively, resulting in under-expenditure of Kshs.4,858,834 or 45% of the budget.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the beneficiaries of the Fund.

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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. Although Management has indicated that some of the issues have been resolved in Annex 1 to the financial statements on progress on follow up of auditor's recommendations, no evidence was provided indicating whether or not the issues have been resolved.

In the circumstances, the issues remain unresolved.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to 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 cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk Management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

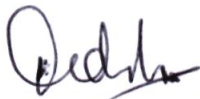
Nairobi

30 December, 2024

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Refund from the Department	1	926,000	
Transfers from the County Government	2	8,000,000	-
Prior year adjustments-for F/Y 2021/2022	3	2,000,000	
			-
Revenue From Exchange Transactions			
Interest Income	4	566,158	-
Other Income	5		-
Total Revenue		11,492,158	
Expenses			
Employee Costs	6	195,200	
Use of goods and services	7	5,835,870	1,214,450
Depreciation and Amortization Expense	8		232,571
Finance Costs	9		
Prior year adjustment	13		3,599,057
Total Expenses		6,031,070	5,046,078
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
Surplus/(Deficit)for the Period		5,461,088	(5,046,078)



Name: Eugene Oscar Odaba
 Administrator of the Fund



Name: Vincent Ombitsi
 Fund Accountant
 CPAK Member Number:20272



BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	4,539,198	9,904
Prior year adjustments of understated Cash for F/Y 2021/22 comparative balances	14	2,000,000	-
Current Portion of Long- Term Receivables from Exchange Transactions	13	67,484,352	68,552,558
Inventories	15		
Investments in financial assets	16		
Total current assets		74,023,550	68,562,462
Non-Current Assets			
Property ,Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		-	-
Total Assets (A)		74,023,550	68,562,462
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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Description	Note	2023/2024	2022/2023
		Kshs	Kshs
		-	-
Represented By:			
Revolving Fund		115,005,000	115,005,000
Reserves			
Accumulated Surplus		(42,981,450)	46,442,538)
Prior adjustment for receipts for F/Y 2020/2021 not recorded on financial statements for F/Y2021/22 comparative figures.		2,000,000	
Net Assets		74,023,550	68,562,462

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 11/11 2024 and signed by:



.....
Name: Eugene Oscar Odaba
Administrator of the Fund



.....
Name: Vincent Ombitsi
Fund Accountant
ICPAK Member Number: 20272



BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	115,005,000		(41,396,460)	73,608,540
Surplus/(Deficit) For the Period			(5,046,078)	(5,046,078)
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30 June 2023	115,005,000		(46,442,538)	68,562,462
Balance As At 1 July 2023	115,005,000		(46,442,538)	68,562,462
Surplus/(Deficit)For the Period			5,461,088	5,461,088
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30 June 2024	115,005,000		(40,981,450)	74,023,550

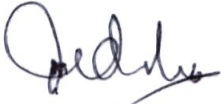
BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for the Year Ended 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government		8,000,000	-
Interest received		566,158	-
Refund from department		926,000	-
Total receipts		9,492,158	-
Payments			
Fund administration expenses		1,848,000	-
General expenses		4,183,070	-
Finance cost		-	-
Other payments		-	-
Total Payments		6,031,071	(1,214,450)
Net cash flows from operating activities	24	3,461,088	1,214,450
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant& equipment		-	-
Proceeds from loan principal repayments		1,068,206	1,172,533
Loan disbursements paid out			
Net cash flows used in investing activities		1,068,206	1,172,533
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities			
Net increase/(decrease)in cash & cash Equivalents		4,529,294	(41,917)
Cash and cash equivalents at 1st July 2023		9,904	51,821
Cash and cash equivalents at 30th June 2024		4,539,198	9,904

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024



.....
Name: Eugene Oscar Odaba
Administrator of the Fund



.....
Name: Vincent Ombitsi
Fund Accountant
ICPAK Member Number: 20272



BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement of Comparison of Budget and Actual Amounts for the Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Ksh	
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
Revenue						
Balance brought forward	9,904	-	9,904	9,904		100
Transfers From County Govt.	10,000,000		10,000,000	8,000,000	2,000,000	80
Interest Income	880,000		880,000	566,158	313,842	63.2
Total Income	10,889,904		10,889,904	8,576,062	2,313,842	
Expenses						
Fund Administration Expenses	2,281,904	-	2,281,904	1,848,000	433,904	80.9
General Expenses	8,608,000	-	8,608,000	4,183,070	4,424,930	48.6
Finance Cost						
Total Expenditure	10,889,904		10,889,904	6,031,070	4,858,834	
Surplus For the Period	0		0	2,544,992	(2,544,992)	
Capital expenditure						

Budget notes

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Busia County Cooperative Enterprise Development Fund is established by and derives its authority and accountability from Busia County Cooperative Enterprise Development Fund Act 2014. The entity is wholly owned by the Busia County Government and is domiciled in Kenya. The entity's principal activity is to disburse loans to deserving and qualified cooperatives in Busia County.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. 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	<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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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for Sale and Discontinued Operations	<p>lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023-2024 was approved by the CEDF committee on 7th June 2023. 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.

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 actual as per the statement of financial performance has been presented under section of statements of comparison and on actual at the financial statements.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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 actual as per the statement of financial performance has been presented under section of statements of comparison and actual at the 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.

The depreciation rates are as follows and on straight line:

Furniture and fittings 12.5%

Motor vehicle 20%

Computer 30%

a) 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.

b) 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-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.***(entity to amend appropriately)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The 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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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.

e) 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.

f) 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.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

g) 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.

h) 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.*

i) 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.

j) Employee benefits– Retirement benefit plans

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

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) Comparative figures

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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

6. Notes To The Financial Statements Continued

1. Refund from the Department

Description	2023/2024	2022/2023
	Kshs	Kshs
Refund from the department	926,000	-
Contributions From the Public	-	-
Total	926,000	-

2. Transfers from County Government

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	8,000,000	-
Total	8,000,000	-

3. Prior Year Adjustment

Description	2023/2024	2022/2023
	Kshs	Kshs
Prior year adjustment for Financial year 2021/2022 for omitted cash on comparative balances under transfer from County Government	2,000,000	-
	-	-
Total	2,000,000	-

4. Interest income

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest Income from Loans	566,158	-
Total Interest Income	566,158	-

This is the part of the outstanding interest paid

Notes to the Financial Statements Continued

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

5. Other income

Description	2023/2024	2022/2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries And Wages	-	172,634
Staff Gratuity	-	-
Staff Training Expenses	195,200	36,680
Social Security Contribution	-	-
Other <i>(Specify)</i>	-	-
Total	195,200	209,314

7. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Fund Administration Expenses	1,848,000	-
Daily subsistence and conferences	1,526,900	-
Fuel and Oil	-	18,300
Domestic travels	55,800	-
Depreciation	-	232,571
Bank Charges	10,470	-
Hospitality	2,183,000	992,200
Computer repairs and maintenance	17,700	24,500
Postage And Courier	-	9450
Printing And Stationery	21,000	-
Telephone And Communication Expenses	173,000	170,000

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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Description	2023/2024	2022/2023
	Kshs.	Kshs.
Total	5,835,870	1,214,450

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

8. Depreciation and Amortization Expense

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Property Plant and Equipment	-	232,571
Prior year adjustment for depreciation	-	3,599,057
Total	-	3,791,628

9. Finance costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest On Bank Overdrafts		
Interest On Loans From Banks		
Total		

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2023/2024	2022/2023
	Ksh	Ksh
Investments at Fair Value- Equity investments		
Fair value – Investment property		
Fair value- other financial assets (specify)		
Total Gain		

12. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	-	-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
a) Current Account			
Kenya Cooperative Bank	01141236664000	3,448,409.93	2,700
	01141236664001	438.07	2,778
	01141236664002	1,090,350	4,426
Grand Total		4,539,198	9,904

13. Receivables from exchange transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Receivables		
Current Loan Repayments Due	67,484,352	68,552,558
Other Exchange Debtors	-	
Less: Impairment Allowance	-	
Total Current Receivables	67,484,352	68,552,558
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	67,484,352	68,552,558
Total Receivables From Exchange Transactions		

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	67,484,352	-
Accrued principal from long-terms loans from previous periods	67,484,352	-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Current portion of long-term loans issued in the current year	-	-
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14. Prior year Adjustment

Description	2023/232 4	2022/ 2023
	Kshs	Kshs
Prior year adjustment for Financial year 2021/2022 for understated cash of on comparative balances under cash and cash equivalents	2,000,000	-
	-	-
	-	-
	-	-
Total	2,000,000	-

15. Inventories

Description	2023/2024	2022/2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2023/2024	2022/2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution	-	-
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x		
Bank y		
Sub- total		
c. Equity investments (specify)		
Equity/ shares in Entity xxx		
Sub- total		

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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Grand total	-	-
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(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	2023/2024	2022/2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July (2022/2023)	-	5,092,046	360,720	427,450	5,880,216
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June (2022/2023)		5,092,046	360,720	427,450	5,880,216
At 1st July (2023/2024)					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June (2023/2024)		5,092,046	360,720	427,450	5,880,216
Depreciation And Impairment					
At 1st July (2022/2023)		1,289,307	331,831	0	1,621,138
Depreciation		203,682	28,889	-	232,571
Impairment					
Prior year adjustment understated depreciation		3,599,057	-	-	3,599,057
At 30th June (2022/2023)					
At 1st July (2023/2024)					
Depreciation		-	-	-	-
Disposals		-	-	-	-
Impairment		-	-	-	-
Transfer/Adjustment					
At 30th June (2023/2024)					
Net Book Values					
At 30th June (2022/2023)		-	-	-	-
At 30th June(2023/2024)		-	-	-	-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

NOTE. Plant, property and equipment are fully depreciated as close of the year 30th June 2023 and are no longer in use.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2023/2024	2022/2023
	Kshs	Kshs
Cost		
At Beginning of The Year		
Additions		
At End of The Year		
Amortization And Impairment		
At Beginning of The Year		
Amortization		
At End of The Year		
Impairment Loss		
At End of The Year		
NBV		

19. Investment Property

Description	2023/2024	2022/2023
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	
At end of the year	-	-

(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.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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Notes To the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis(Trade and other payables)	2023/2024	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-		

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

21. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2023/2024	2022/2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	2023/2024	2022/2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(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)

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

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

24. Social Benefit Liabilities

Description	2023/2024	2023/2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	=	=
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total		
	-	-
Current social benefits	-	-
Non- current social benefits		
Total (tie to totals above)	-	

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	2023/2024	2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		
Adjusted For:		
Depreciation		
Amortisation		
Gains/ Losses on Disposal of Assets		
Interest Income		
Finance Cost		
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
Net Cash Flow from Operating Activities		

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2023/2024	2023/2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2023/2024	2022/2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023/2024	2022/2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Other Disclosures Continued

e) Due to related parties

Description	2023/2024	2022/2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	68,552,558	1,172,533	67,380,025	
Receivables From Non-Exchange Transactions	/			
Bank Balances	9904	-	-	
Total	68,562,462	1,172,533	67,380,025	
At 30 June 2024				
Receivables From Exchange Transactions	67,484,352	1,633,364	65,850,988	
Prior year adjustment	2,000,000			
Receivables From Non-Exchange Transactions				
Bank Balances	4,539,198			
Total	74,023,550	1,633,364	65,850,988	

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

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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 loanees.

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (2023/2024)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions				
Employee Benefit Obligation		-	-	-
Total	-	-	-	
At 30 June (2022/2023)	-			-
Trade Payables	-			-
Current Portion Of Borrowings				
Provisions	-			-
Employee Benefit Obligation				
Total		-	-	-

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June (2023/2024)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

The Fund 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.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Revaluation reserve		
Revolving fund	115,005,000	115,005,000
Accumulated surplus	(40,981,450)	(46,442,538)
Total funds	74,023,550	68,562,462
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND Act 2014 under the Department of Trade. Its ultimate parent is the County Government of Busia.

31. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracies of Depreciation charge	The inaccuracies were corrected through prior year adjustments	solved	Done
2.	Long outstanding Loan balances	Recovery process still ongoing	Not solved	In process
3.	Inaccuracies in Financial Statements	Solved in the Financial year 2023/2024 under prior adjustments	Solved	Done



Fund Administrator

Date 11/11/2024

