

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

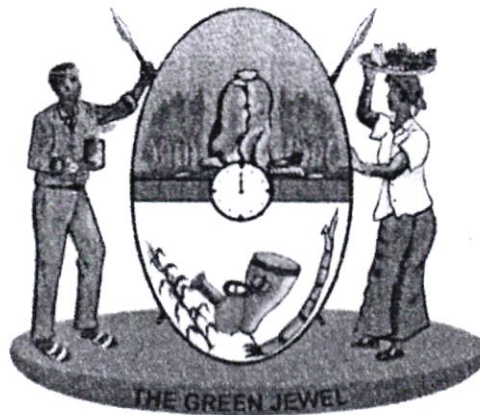
OF

THE AUDITOR-GENERAL

ON

**KAKAMEGA COUNTY SMALL SCALE
TRADE DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



**KAKAMEGA COUNTY SMALL SCALE TRADE
DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

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KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

1. Key Entity Information and Management

a) Background information

The Kakamega County Trade Loans Fund was established by the County Government of Kakamega through Trade Loan Fund regulations in the year 2014-2015 and commenced operations in the financial year 2015-2016. The Fund Administrator at the time being the Chief Officer of the Ministry of Trade, Industrialization and Tourism. This Trade loan fund has been succeeded by Kakamega County Microfinance Corporation

b) Principal Activities

The principal activity of the Fund was to provide financial and managerial support to micro, small and medium enterprises in the County. This would in turn spur socio-economic development in the County.

c) Board of Trustees/Fund Administration Committee

There was no Board of Trustees/Fund Administration Committee. The fund was headed by the chief officer Ministry of Trade, Industrialisation and Tourism Dr .Irene Ashioya.

d) Key Management

The Kakamega County Trade Loans Fund day-to-day management is under the Ministry of Trade, Industrialization and Tourism.

The Fund Administrator is the Chief Officer of Ministry of Trade, Industrialization and Tourism

e) Registered Offices

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

f) Fund Contacts

Telephone: 056 31850/31852/31853
E-mail: info@kakamega.go.ke
Website: kakamega.go.ke

g) Fund Bankers

KCB Ltd-Kakamega branch...

...
...

h) Independent Auditors

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

i) Principal Legal Adviser

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

County Attorney
County Government of Kakamega
P.O Box 36-50100
Kakamega

2. The Board of Trustees (or any other governing body for the Fund)

There was no Board of Trustees/Fund Administration Committee. The fund was headed by the chief officer Ministry of Trade, Industrialisation and Tourism Dr.Irene Ashioya.

3. Management Team

Name	Details of qualifications and experience
1. Dr.Irene Ashioya	Chief officer Ministry of Trade Industrialisation and Tourism.
2. Jesca Nangendo	Accountant of the fund

4. Board/Fund Chairperson's Report

The fund has no Board or fund administration committee, therefore no report to be attached

.....
Mbanda

Dr.Irene Ashioya

Chief Officer Ministry of Trade and Industrialisation

5. Report of the Fund Administrator

The fund has no fund manager or Administrator hence no report



Dr. Irene Ashioya

Chief Officer Ministry of Trade and Industrialisation

6. Statement of Performance against the County Fund's Predetermined Objectives

The Fund was established in 2015 under the Kakamega County Ministry of Trade, Industrialization and Tourism and the first and only disbursements happened the same year. Since then, no other disbursements have been made. Recovery of the outstanding loans is still ongoing. Amount of loans recovered as at 30th June, 2022 was Kshs. 29,701,705.11.

However, the operationalization of the Fund encountered several challenges which included politics where loanees were incited not to repay, erroneous and inconsistent reports from the bank and others. The operations of the Fund were halted due to these challenges on the inception of the County Microfinance Corporation. Recovery of outstanding loans continues albeit with low response levels. Consultations are underway to wind up the Fund since it is not sustainable

7. Corporate Governance Statement

The fund operates without a board, the Chief Officer Ministry of Trade Industrialisation and Tourism is the administrator of the fund.

The fund has been inactive for the last two years and is not operational.

8. Management Discussion and Analysis

The Corporation did not receive any allocation for the Financial Year 2021/2022. The fund was inactive and did not operate for the entire year.

9. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

The Fund was established by an Act of the County Assembly. Its credit manual provides for 2% levy on all loans as processing fees and 8% per annum interest on reducing balance paid monthly. The processing fee is charged upfront on disbursement. This income revolves in the loaning kitty and the aim is to grow it for purposes of reaching as many traders as possible.

However the sustainability of the fund is threatened by many challenges including lack of funding and non-repayment of loans given to traders.

2 Environmental performance:

The Fund is in the process of developing its strategic plan and its environmental policy which will also be captured in this plan. However the loans that have been issued to the business people have improved their living standards of within the County through expansion of their businesses.

3 Employee Welfare

The Fund is currently relying on seconded staff from the parent Ministry of Trade, Industrialization and Tourism. It intends to develop its policies guiding staff hiring process, job descriptions, terms of references and performance contracting as it moves toward autonomy. The current staffs conform to Public Service hiring and appraisal policies.

The entity's management conducts weekly/monthly meetings with its staff allowing them to share their success stories and challenges while preparing monthly work plans. Where possible and when resources allow, the staffs are supported to attend short courses, professional development courses, workshops and seminars to improve their skills and work performance.

The entity is also in compliance with Occupational Safety and Health Act of 2007.

4 Market Place Practices

- a)* The Fund being a County fund has trained its staff on Code of Conduct of public servants and the Ethics and Anticorruption Act. It's funded by public funds and ensures high standards of corporate governance.

All Funds staffs conform and adhere to the public service code of conduct and remain unpolitical while delivering services to the public.

- b)* The Fund being a public entity works within structures created by the National and County Governments that govern public procurement. It works within the confines of public procurement act and public finance management act and respects its suppliers and is open to scrutiny in the public procurement process.

5. Community engagement

The Fund core activity is to give loans to small scale traders within the County and to improve their business performance.

10. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The principal activity of the Corporation is to provide Small scale loans services to traders of small and medium enterprises in the County. This will in turn spur socio-economic development in the County.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 19 to 28

Trustees

The Fund did not have the Administration Committee.

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.

Kakamega Trade Loans Fund

Sign:

Mlanda

Name: Dr. Irene Ashioya

Chief Officer Ministry of Trade and Industrialisation

Date: 14/10/22

11. 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 the PFM Act 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, 2022. 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. 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, 2022, 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

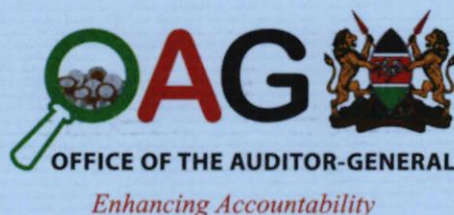
The Fund's financial statements were approved by the Board on 23/9/ 2022 and signed on its behalf by:

.....
M. Banda

Chief Officer Ministry of Trade and Industrialisation

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kakamega County Small Scale Trade Development Fund set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance,

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kakamega County Small Scale Trade Development Fund as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and Public Finance Management (Kakamega County Small Scale Trade Development Fund) Regulations, 2017.

Basis for Qualified Opinion

1. Long Term Receivables from Exchange Transactions

1.1 Unsupported Reduction in the Receivables Balance

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.40,593,358 as disclosed in Note 12 to the financial statements. This balance reflects a reduction of Kshs.101,052 from the balance of Kshs.40,694,410 reflected in the audited financial statements for the year ended 30 June, 2021. However, no documentary evidence was provided to support the reduction of the balance.

In the circumstances, the accuracy of the long-term receivables from exchange transactions balance of Kshs.40,593,358 could not be confirmed.

1.2 Long-Term Outstanding Receivables

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.40,593,358 as disclosed in Note 12 to the financial statements. This balance relates to outstanding loans disbursed to various small-scale traders which was to be repaid within six (6) months from the date of disbursement.

However, an ageing analysis was not provided to support the balance, showing the date of disbursement, initial amount disbursed, details of beneficiaries and outstanding balance. Further, repayment of the loans has remained low and no provision for impairment against these non-performing loans has been provided in the financial statements.

In addition, loan application forms to support the outstanding loans were not provided for audit review, contrary to the provisions of Regulation 13(1) of the Public Finance Management (Kakamega County Small Scale Trade Development Fund) Regulations,

2017, which states that every entrepreneur wishing to be considered for a trade loan shall make an application to the Committee in a prescribed form for onward transmission to the Board. Similarly, copies of guarantee forms for amounts not exceeding fifty thousand shillings (Kshs.50,000) or original title deeds or log books for amounts exceeding fifty thousand (Kshs.50,000) were not provided to confirm whether the loans were secured, contrary to Regulation 15 of the Regulations.

In the circumstances, the accuracy and recoverability of the loan balances of Kshs.40,593,358 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Unauthorized Expenditure

During the year under review, the Fund Management did not prepare and submit a budget for approval by the County Assembly as required by Regulation 5 of the Public Finance Management (The Kakamega County Small Scale Trade Development Fund) Regulations, 2017.

In the circumstances, the total expenditure of Kshs.1,065 incurred by the Fund during the year under review was unauthorized and, therefore, irregular.

2. Uncertainty on Sustainability of Services

The Fund disbursed loans amounting to Kshs.70,295,063 to traders in the year 2015/2016 through a local bank which were recoverable within two years. However, loans totalling Kshs.40,593,358 were still outstanding as at 30 June, 2022. The Fund Management has not provided any evidence on the measures put in place to collect the long outstanding balances.

In addition, the Fund did not receive any funding during the year under review and incurred very little expenditure of Kshs.1,065. It is, therefore, apparent that the Fund did not execute its mandate during the year as it did not carry out any operations.

In the circumstances, the depletion of the revolving Fund, the high balances of non-performing loans and failure to carry out any operations during the year is an indication of a material uncertainty which may cast a significant doubt on the Fund's ability to sustain its services.

3. Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 intention to terminate the Fund or to cease its operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 January, 2023

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement of Financial Performance for the Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions		-	-
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue			
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	1,064.53	2,130.00
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		1,064.53	2,130.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		(1,064.53)	(2,130.00)

(The notes set out on pages 19 to 28 form an integral part of these Financial Statements)

.....
Name: *Mr. Irene Ashuoya*
Administrator of the Fund

.....
Name: *Matin Jeron*
Fund Accountant
ICPAK Member Number:

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

12. Report of the Auditor General on Kakamega County Small Scale Development fund

14. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	294,298.57	194,311.00
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		294,298.57	194,311.00
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	40,593,357.90	40,694,410.00
		40,593,357.90	40,694,410.00
Total Assets		40,887,656.47	40,888,721.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	-	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Liabilities		-	-
Net Assets		40,887,656.47	40,888,721.00
Revolving Fund		45,897,714.00	45,897,714.00
Reserves		-	-
Accumulated Surplus		(5,010,057.53)	(5,008,993.00)
Total Net Assets and Liabilities		40,887,656.47	40,888,721.00

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 _____ 2022 and signed by:

Mlanda
.....
Name: *Dr. Gene Ashuoya*
Administrator of the Fund

mat
.....
Name: *Matini Jera*
Fund Accountant
ICPAK Member Number:

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

15. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	45,897,714.00	-	(5,006,863.00)	40,890,851.00
Surplus/(Deficit) For the Period	-	-	(2,130.00)	(2,130.00)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	45,897,714.00	-	(5,008,993.00)	40,888,721.00
		-		
Balance As At 1 July 2021	45,897,714.00	-	(5,008,993.00)	40,888,721.00
Surplus/(Deficit) For the Period	-	-	(1,064.53)	(1,064.53)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	45,897,714.00	-	(5,010,057.53)	40,887,656.47

.....
Mkanda
 Name: *Dr. Irene Ashuoya*
 Administrator of the Fund

.....
Maji
 Name: *Matini Jesa*
 Fund Accountant
 ICPAK Member Number:

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

16. Statement of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments		-	-
Fund administration expenses		-	-
General expenses		(1,064.53)	(2,130.00)
Finance cost		-	-
Other payments		-	-
Total Payments		(1,064.53)	(2,130.00)
Net cash flows from operating activities		(1,064.53)	(2,130.00)
Changes in cash and cash equiv			
Changes in trade receivables		101,052.10	46,301.00
Net changes in cash and cash equiv		99,987.57	44,171.00
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		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
		-	-
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		99,987.57	44,171.00

Cash and cash equivalents at 1 July	11	194,311.00	150,140.00
Cash and cash equivalents at 30 June	11	294,298.57	194,311.00

The statement of the cash flow has been prepared using a direct method

Blenda

Name: *Dr. Irene Ashuoya*
Administrator of the Fund

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Name: *Martin Jerca*
Fund Accountant
ICPAK Member Number:

SIYAMUVA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND

Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement of Comparison Of Budget And Actual Amounts For The Period

	Original budget 2022	Adjustments 2022	Final budget 2022	Actual on comparable basis 2022	Performance difference 2022	% Utilisation 2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	-	-	-	-	-	-
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	-	-	0.00	1,064.53	(1,064.53)	-
Finance Cost	-	-	-	-	-	-
Total Expenditure	-	-	0.00	1,064.53	(1,064.53)	-
Surplus For The Period				(1,064.53)		

Budget notes

The fund did not have a budget for the year in question the fund is inactive and not in operational

18. Notes to the Financial Statements

1. General Information

Kakamega Trade Loan fund is established by and derives its authority and accountability from PFM Act 2012. The Fund is wholly owned by the Kakamega County Government and is domiciled in Kenya. The entity’s principal activity is to provide Small scale loans services to traders of small and medium enterprises in the County. This will in turn spur socio-economic development in the 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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact
	<p>when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be</p>

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Discontinued Operations	measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
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(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The fund did not have a budget since it is inactive and not operational

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Summary Of Significant Accounting Policies (Continued)

b) 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.

c) 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.

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.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

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.

d) 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.*

e) 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.

f) 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.

g) 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.

Summary Of Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by PFM Act . Its ultimate parent is the County Government of Kakamega ministry of Trade.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

6. Notes to The Financial Statements

1. Public contributions and donations

Description	2021-2022 Kshs	2020-2021 Kshs
Donation From Development Partners	0.00	0.00
Contributions From The Public	0.00	0.00
Total	0.00	0.00

2. Transfers from County Government

Description	2021-2022 Kshs	2020-2021 Kshs
Transfers From County Govt. –Operations	0.00	0.00
Payments By County On Behalf Of The Entity	0.00	0.00
Total	0.00	0.00

3. Fines, penalties and other levies

Description	2021-2022 Kshs	2020-2021 Kshs
Late Payment Penalties	0.00	0.00
Fines	0.00	0.00
Total	0.00	0.00

4. Interest income

Description	2021-2022 Kshs	2020-2021 Kshs
Interest Income From Mortgage Loans	0.00	0.00
Interest Income From Car Loans	0.00	0.00
Interest Income From Investments	0.00	0.00
Interest Income On Bank Deposits	0.00	0.00
Total Interest Income	0.00	0.00

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	0.00	0.00
Income From Sale Of Tender Documents	0.00	0.00
Miscellaneous Income	0.00	0.00
Total Other Income	0.00	0.00

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	0.00	0.00
Staff Gratuity	0.00	0.00
Staff Training Expenses	0.00	0.00
Social Security Contribution	0.00	0.00
Other (<i>Specify</i>)	0.00	0.00
Total	0.00	0.00

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	0.00	0.00
Loan Processing Costs	0.00	0.00
Professional Services Costs	0.00	0.00
Bank Charges	1,065.00	2,130.00
Electricity And Water Expenses	0.00	0.00
Fuel And Oil Costs	0.00	0.00
Telephone And Communication Expenses	0.00	0.00
Bank Charges	0.00	0.00
Audit Fees	0.00	0.00
Provision For Doubtful Debts	0.00	0.00
Other (<i>Specify</i>)	0.00	0.00
Total	1,065.00	2,130.00

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
 Annual Report and Financial Statements for the year ended June 30, 2022

8. Depreciation and Amortization Expense

Description	2021/22 Kshs.	2020/21 Kshs.
Property Plant and Equipment	0.00	0.00
Intangible Assets	0.00	0.00
Total	0.00	0.00

9. Finance costs

Description	2021-2022 Kshs	2020-2021 Kshs
Interest On Bank Overdrafts	0.00	0.00
Interest On Loans From Banks	0.00	0.00
Total	0.00	0.00

10. Gain/(loss) on disposal of assets

Description	2021-2022 Kshs	2020-2021 Kshs
Property, Plant And Equipment	0.00	0.00
Intangible Assets	0.00	0.00
Total	0.00	0.00

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
On – Call Deposits	0.00	0.00
Current Account	294,298.57	194,311.00
Others	0.00	0.00
Total Cash And Cash Equivalents	294,298.57	194,311.00

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank			
1. Bank Operation account	1170346138	1,313.00	1,313.00
2. Fund account			192,998.00
KCB	1179536118	292,985.57	
Sub- Total		294,298.57	194,311.00

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	0.00	0.00
Current Loan Repayments Due	0.00	0.00
Other Exchange Debtors	0.00	0.00
Less: Impairment Allowance	0.00	0.00
Total Current Receivables	0.00	0.00
Non-Current Receivables		
Long Term Loan Repayments Due	40,593,357.90	40,694,410.00
Total Non- Current Receivables	40,593,357.90	40,694,410.00
Total Receivables From Exchange Transactions	40,593,357.90	40,694,410.00

Additional disclosure on interest receivable

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0.00	0.00
Accrued interest receivable from of long-term loans of previous years	0.00	0.00
Interest receivable from current portion of long-term loans issued in the current year	0.00	0.00
Current loan repayments due		
Current portion of long-term loans from previous years	0.00	0.00
Accrued principal from long-terms loans from previous periods	0.00	0.00
Current portion of long-term loans issued in the current year	0.00	0.00

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	0.00	0.00
Prepaid Insurance	0.00	0.00
Prepaid Electricity Costs	0.00	0.00
Other Prepayments (Specify)	0.00	0.00
Total	0.00	0.00

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	0.00	0.00
Spare Parts And Meters	0.00	0.00
Catering	0.00	0.00
Other Inventories (Specify)	0.00	0.00
Total Inventories At The Lower Of Cost And Net Realizable Value	0.00	0.00

KALII MEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2020	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Transfers/Adjustments	0.00	0.00	0.00	0.00	0.00
At 30 th June 2021	0.00	0.00	0.00	0.00	0.00
At 1 st July 2021	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustments	0.00	0.00	0.00	0.00	0.00
At 30 th June 2022	0.00	0.00	0.00	0.00	0.00
Depreciation And Impairment	0.00	0.00	0.00	0.00	0.00
At 1 st July 2020	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00
At 30 th June 2021	0.00	0.00	0.00	0.00	0.00
At 1 st July 2021	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00

WATERBURY COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Capital Report and Financial Statements for the year ended June 30, 2022

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	0.00	0.00	0.00	0.00	0.00
At 30 th June 2022	0.00	0.00	0.00	0.00	0.00
Net Book Values	0.00	0.00	0.00	0.00	0.00
At 30 th June 2021	0.00	0.00	0.00	0.00	0.00
At 30 th June 2022	0.00	0.00	0.00	0.00	0.00

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	0.00	0.00
Additions	0.00	0.00
At End Of The Year	0.00	0.00
Amortization And Impairment		
At Beginning Of The Year	0.00	0.00
Amortization	0.00	0.00
At End Of The Year	0.00	0.00
Impairment Loss	0.00	0.00
At End Of The Year	0.00	0.00
NBV	0.00	0.00

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	0.00	0.00
Refundable Deposits	0.00	0.00
Accrued Expenses	0.00	0.00
Other Payables	0.00	0.00
Total Trade And Other Payables	0.00	0.00

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	0.00	0.00	0.00	0.00
Additional Provisions	0.00	0.00	0.00	0.00
Provision Utilised	0.00	0.00	0.00	0.00
Change Due To Discount And Time Value For Money	0.00	0.00	0.00	0.00
Transfers From Non -Current Provisions	0.00	0.00	0.00	0.00
Balance At The End Of The Year (30.06.2022)	0.00	0.00	0.00	0.00

Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance At Beginning of The Period	0.00	0.00
External Borrowings During the Year	0.00	0.00
Domestic Borrowings During the Year	0.00	0.00
Repayments Of External Borrowings During the Period	0.00	0.00
Repayments Of Domestic Borrowings During the Period	0.00	0.00
Balance At End of The Period	0.00	0.00

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

Description	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From Organisation'	0.00	0.00
Sterling Pound Denominated Loan From Organisation'	0.00	0.00
Euro Denominated Loan from Organisation'	0.00	0.00
Domestic Borrowings		
Kenya Shilling Loan From KCB	0.00	0.00
Kenya Shilling Loan from Barclays Bank	0.00	0.00
Kenya Shilling Loan from Consolidated Bank	0.00	0.00
Borrowings From Other Government Institutions	0.00	0.00
Total Balance at End Of The Year	0.00	0.00

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	0.00	0.00
Long Term Borrowings	0.00	0.00
Total	0.00	0.00

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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0.00	0.00	0.00	0.00	0.00
Non-Current Benefit Obligation	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	0.00	0.00
Adjusted For:		
Depreciation	0.00	0.00
Amortisation	0.00	0.00
Gains/ Losses On Disposal Of Assets	0.00	0.00
Interest Income	0.00	0.00
Finance Cost	0.00	0.00
Working Capital Adjustments	0.00	0.00
Increase In Inventory	0.00	0.00
Increase In Receivables	0.00	0.00
Increase In Payables	0.00	0.00
Net Cash Flow From Operating Activities	0.00	0.00

Other Disclosures

22. 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

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties ⁷	0.00	0.00
Transfers To Related Parties	0.00	0.00

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	0.00	0.00
Key Management Compensation	0.00	0.00
Total	0.00	0.00

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	0.00	0.00
Due From County Government	0.00	0.00
Total	0.00	0.00

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Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	0.00	0.00
Due To County Government	0.00	0.00
Due To Key Management Personnel	0.00	0.00
Total	0.00	0.00

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	0.00	0.00
Bank Guarantees	0.00	0.00
Total	0.00	0.00

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Other Disclosures Continued

24. 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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2022				
Receivables From Exchange Transactions	0.00	0.00	0.00	0.00
Receivables From Non-Exchange Transactions	0.00	0.00	0.00	0.00
Bank Balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2021				
Receivables From Exchange Transactions	0.00	0.00	0.00	0.00
Receivables From Non Exchange Transactions	0.00	0.00	0.00	0.00
Bank Balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

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

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

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	0.00	0.00	0.00	0.00
Current Portion Of Borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Employee Benefit Obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2021				
Trade Payables	0.00	0.00	0.00	0.00
Current Portion Of Borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Employee Benefit Obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

c) Market risk

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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:

	Kshs	Other currencies Kshs	Total Kshs
At 30 June 2021			
Financial Assets	0.00	0.00	0.00
Investments	0.00	0.00	0.00
Cash	0.00	0.00	0.00
Debtors/ Receivables	0.00	0.00	0.00
Liabilities			
Trade And Other Payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net Foreign Currency Asset/(Liability)	0.00	0.00	0.00

Foreign currency sensitivity analysis

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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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%		
USD	10%		
2021			
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.

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:

	2021-2022	2020-2021
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	Kshs	Kshs
Revaluation reserve	0.00	0.00
Revolving fund	0.00	0.00
Accumulated surplus	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	0.00	0.00
Net debt/(excess cash and cash equivalents)	0.00	0.00
Gearing	0.00	0.00

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19. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)
4.1	Presentation and disclosure in the Financial Statements	Amended financial statements	Resolved	N/A
4.2	Non availability of approved budget	Provided	Resolved	N/A
4.3	Outstanding Trade Loans Due Kshs. 40,697,160.00	Provided	Resolved	N/A
4.4	Non-disclosure of revolving fund	Ammended	Resolved	N/A
4.5	Non availability of loan application forms Criteria	Provided	Resolved	N/A
4.6	Uncertainty in the Going Concern of the Fund	Not a going concern	Not Resolved	N/A

