

REPUBLIC OF KENYA



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REPORT

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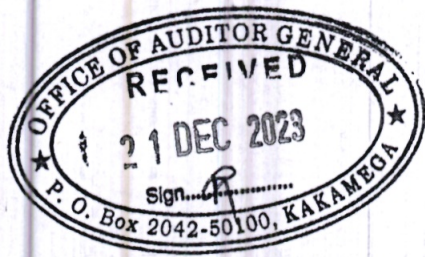
PAPERS LAID	
DATE	12/03/2024
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COMMITTEE	FINANCE
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THE AUDITOR-GENERAL

ON

**KAKAMEGA COUNTY SMALL SCALE
TRADE DEVELOPMENT FUND**

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



KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND

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

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June, 2023

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KAKAMEGA COUNTY SMALL SCALE TRADE 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

b) Glossary of Terms

Fiduciary Management

Though the Kakamega Small Scale Trade Development Fund is not active, the fiduciary responsibility is with the chief officer of the department of trade.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND Annual Report and Financial Statements for the year ended 30th June 2023

2. Key Entity Information and Management

a) Background information

The Kakamega County Small Scale Trade Development Fund was established by the County Government of Kakamega through Small Scale Trade Development Fund regulations in the year 2014-2015 and commenced operations in the financial year 2015-2016. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The objective of the fund is to provide financial services to small scale traders within the county government of Kakamega. This category of traders would otherwise not be able to access loans from the commercial banks.

The Fund Administrator at the time of establishment being the Chief Officer of the Ministry of Trade, Industrialization and Tourism.

The fund has challenges of none recovery of loans disbursed since the fund started operations.

This was mainly attributed to lack of legal provisions to enable the fund operate efficiently.

Kakamega County Microfinance Corporation has been established to cure the woes of Kakamega County Small Scale Trade Development Fund.


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 or Fund Administration Committee. The fund is currently headed by the chief officer Ministry of Trade, Industrialisation and Tourism Shakir Adan.

d) Key Management Team

Ref	Name	Position
1	 Shakir Dahir Adan	Chief Officer, MTIT BSc Hons Financial mathematics Worked as customer assistant at Nespresso Central London UK Senior fiscal analyst Mandera County Government.
2		

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

	 <i>Joseph Magige ngoko</i>	CPA Part 2
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e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	

f) Registered Offices

P.O. Box 36-50100,
 Sahajand Building,
 Kakamega –Mumias Road
 Kakamega, KENYA

g) Fund Contacts

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

h) Fund Bankers

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

2. Kenya Commercial Bank
 P.O Box 152,
 Kakamega Town,
 Kenya.

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i) Independent Auditors

j) Auditor General

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

k) Principal Legal Adviser

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

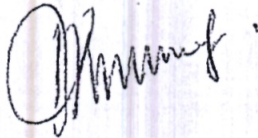
l) County Attorney
County Government of Kakamega
P.O. Box 36-50100
Kakamega

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

6. Report of The Fund Administrator

Since the fund is inactive, no budget hence no comparative figures. However, the fund has outstanding loans amounting to Kshs. 40,535,089 which has proved to be irrecoverable. Key records of the loanees are with Kenya Commercial Bank Kakamega. These loans were issued in through an agreement between the County Government of Kakamega and Kenya Commercial Bank.

The ministry of Trade, Industrialization and Tourism needs to propose winding up of the fund and passing it to Kakamega County Microfinance Corporation.



Por
Shakir Dahir Adan

Chief Officer Ministry of Trade and Industrialisation

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

7. 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 through county government regulation of 2014/2015. The first and only disbursements happened the year 2015. Since then, no other disbursements have been made.

Recovery of the outstanding loans is still ongoing. Amount of loans recovered as at 30th June, 2023 was Kshs.29, 759,974

However, the operationalization of the Fund encountered several challenges which included politics where loanees were incited not to repay.

The operations of the Fund were halted due to none recovery of outstanding loans which were to form a revolving fund.

Recovery of outstanding loans continues albeit with low response levels. Consultations are underway to wind up the Fund since it is not sustainable

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

8. 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 four years and is not operational.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

9. Management Discussion and Analysis

The Corporation did not receive any allocation for the year 2022/2023. The fund is inactive and did not operate for the entire year.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND

Annual Report and Financial Statements for the year ended 30th June 2023

10. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

The Fund was established by a County Government of Kakamega Small Scale Trade Development Fund regulation.

However the sustainability of the fund is threatened by challenges of non-repayment of loans given to traders.

2 Environmental performance:

The Fund is in the process of winding up because its functions have been taken up by Kakamega County Micro-finance Corporation.

3 Employee Welfare

The Fund is currently relying on county staff from the Ministry of Trade, Industrialization and Tourism.

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.
- b) All Funds staffs conform and adhere to the public service code of conduct and remain un-political while delivering services to the public.

5. Corporate Social Responsibility / Community engagement

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

11. Report of the Trustees

The Trustees' report was not submitted because the Fund did not have trustees during the year under review.

Principal activities

The principal activity of the Fund was to provide Small scale loans services to traders of small and medium enterprises in the County.

Results

The results of the Fund for the year ended 30th June 2023 are set out on page 1 to 7

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:



Name: _____

Chief Officer Ministry of Trade and Industrialisation

Date: 21/12/2023

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public 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 year ended on 30th June, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

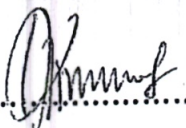
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS),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


In preparing the financial statements, 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.

The County Government of Kakamega intends to merge the operations of the Kakamega County Small Scale Trade Fund with the Kakamega County Microfinance Corporation.

Approval of the financial statements

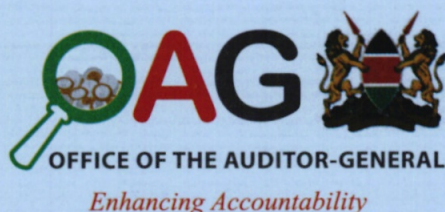
The Fund's financial statements were approved by the Board on 21/12/2023 2023 and signed on its behalf by:


.....

 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, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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, 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 control, 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 41, which comprise of the statement of

financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Kakamega County Small Scale Trade Development Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Kakamega County Small Scale Trade Development Fund) Regulations, 2017.

Basis for Qualified Opinion

Long Outstanding Receivables

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.40,535,089, 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, ageing analysis was not provided to support the balance, showing the dates of disbursement, initial amounts disbursed, details of beneficiaries and outstanding balances. Further, repayment of the loans has remained low and no provision for impairment against these non-performing loans has been made 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 Kshs.50,000 or original title deeds or log books for amounts exceeding 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 long-term receivables of Kshs.40,535,089 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 Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with

other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Uncertainty on Sustainability of Services

As previously reported, 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.40,535,089 were still outstanding as at 30 June, 2023. 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 only 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 balance 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.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under Report on the Financial Statements. However, Management had not resolved the issues as at 30 June, 2023.

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 International Standards of Supreme Audit Institutions (ISSAIs) 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 International Standards of Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 February, 2024

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June, 2023

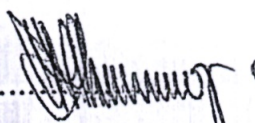
14. Statement of Financial Performance for the Year Ended 30th June 2023

	Note	2022-2023	2021-2022
		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	-1,065	-1,065
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		-1,065	-1,065
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		(1,065)	(1,065)

(The notes set out on pages 19 to 35 form an integral part of these Financial Statements)

.....


Name:
 Administrator of the Fund

.....
 JOSEPH NGORO 

Name:
 Fund Accountant
 ICPAK Member Number:

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

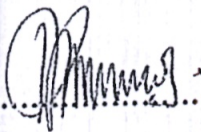
15. Statement of Financial Position As At 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	351,503	294,299
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		351,503	294,299
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	40,535,089	40,593,358
		40,535,089	40,593,358
		40,886,592	40,887,656
Total Assets			
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			
		40,886,592	40,887,656
Net Assets			
Revolving Fund		45,897,714	45,897,714
Reserves		-	-
Accumulated Surplus		(5,011,122)	(5,010,058)
Total Net Assets and Liabilities		40,886,592	40,887,656

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023

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 21/02 2023 and signed by:

For



Name:

Administrator of the Fund



Name:

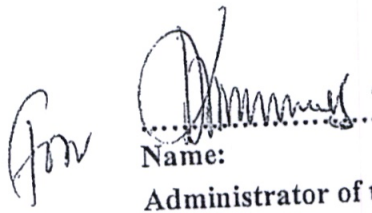
Fund Accountant


ICPAK Member Number:

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June, 2023

16. Statement of Changes in Net Assets for the Year ended 30th June 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	45,897,714	-	(5,006,863)	40,890,851
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	-	(5,008,993)	40,888,721
Balance As At 1 July 2021	45,897,714	-	(5,008,993)	40,888,721
Surplus/(Deficit) For the Period	-	-	(1,065)	(1,065)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	45,897,714	-	(5,010,058)	40,887,656
Surplus/(Deficit) For the Period	-	-	(1,065)	(1,065)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 th June 2023	45,897,714	-	(5,011,122)	40,886,592


 Name:
 Administrator of the Fund


 Name: JOSEPH NERKO
 Fund Accountant
 ICPAK Member Number:

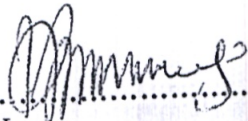
KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023


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

	Note	2022-2023	2021-2022
		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		-	-
Use of goods and services.		(1,065)	(1,065)
Finance cost		-	-
Other payments		-	-
Total Payments		(1,065)	(1,065)
Net cash flows from operating activities		(1,065)	(1,065)
Changes in cash and cash equivalent			
Changes in trade receivables		58,269	101,052
Net changes in cash and cash equivalent		57,204	99,987
Cash flows from investing activities			
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		57,204	99,987
Cash and cash equivalents at 1 July	11	294,299	194,311
Cash and cash equivalents at 30th June 2023	11	351,503	294,299

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June 2023


.....
Name: *PN* Administrator of the Fund


.....
Name: JOSEPH NGOKO
Fund Accountant
ICPAK Member Number:

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30th June, 2023

18. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June, 2023.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	-	-	-	-	-	-
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
Use of goods and services	-	-	0.00	1,065	(1,065)	-
Finance Cost	-	-	-	-	-	-
Total Expenditure	-	-	0.00	1,065	(1,065)	-
Surplus For The Period				(1,065)		

Budget notes

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the Year Ended 30th June 2023

19. 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 have been adopted.

<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: Effective 1st January 2023 have been adopted.</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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <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;
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KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the Year Ended 30th June 2023

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the Year Ended 30th June 2023

<p>Other improvements to IPSAS</p>	<p><i>Applicable: Effective 1st January 2023 have been adopted.</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p><i>Applicable-1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
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<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
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(ii) 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 30th June 2023

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 an entity of financial assets is impaired. A financial asset or an 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 an 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.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the Year Ended 30th June 2023

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.

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 30th June 2023

6. Notes to The Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	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	2022-2023	2021-2022
	Kshs	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	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	0.00	0.00
Fines	0.00	0.00
Total	0.00	0.00

4. Interest income

Description	2022-2023	2021-2022
	Kshs	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 30th June 2023

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	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	2022-2023	2021-2022
	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	2022/2023	2021/2022
	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	1065.00
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	1065.00

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

8. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Property Plant and Equipment	0.00	0.00
Intangible Assets	0.00	0.00
Total	0.00	0.00

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	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	2022-2023	2021-2022
	Kshs	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 30th June 2023

Notes to the Financial Statements Continued
11. Cash and cash equivalents

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

Financial Institution	Account number	2022-2023	2021-2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank			
1. Bank Operation account	1170346138	1,313	1,313
2. Fund account			
KCB	1179536118	350,190	292,986
Sub- Total		351,503	294,299

12. Receivables from exchange transactions

Description	2022-2023	2021-2022
	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		
Non-Current Receivables		
Long Term Loan Repayments Due	40,535,089	40,593,358
Total Non- Current Receivables	40,535,089	40,593,358
Total Receivables From Exchange Transactions	40,535,089	40,593,358

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	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		

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
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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	2022-2023	2021-2022
	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	2022-2023	2021-2022
	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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the Year Ended 30th June 2023

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost					
At 1 st July 2020	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
At 30 th June 2021	0	0	0	0	0
At 1 st July 2021	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0
Depreciation And Impairment					
At 1 st July 2020	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30 th June 2021	0	0	0	0	0
At 1 st July 2021	0	0	0	0	0
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0
Net Book Values	0	0	0	0	0
At 30 th June 2021	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0
At 1 st July 2022	0	0	0	0	0
At 30 th June 2023	0	0	0	0	0

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Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning Of The Year	0	0
Additions	0	0
At End Of The Year	0	0
Amortization And Impairment		
At Beginning Of The Year	0	0
Amortization	0	0
At End Of The Year	0	0
Impairment Loss	0	0
At End Of The Year	0	0
NBV		

17. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Payables	0	0
Refundable Deposits	0	0
Accrued Expenses	0	0
Other Payables	0	0
Total Trade And Other Payables	0	0

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2022)	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End Of The Year (31.12.2022)	0	0	0	0

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Notes To The Financial Statements (Continued)

19. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	0	0
Repayments Of Domestic Borrowings During the Period	0	0
Balance At End of The Period	0	0

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

	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From Organisation'	0	0
Sterling Pound Denominated Loan From Organisation'	0	0
Euro Denominated Loan from Organisation'	0	0
Domestic Borrowings		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End Of The Year	0	0

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings(Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

21. Cash generated from operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	0	0
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	0	0

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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

	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

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Other Disclosures Continued

e) Due to related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

23. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against The Fund	0	0
Bank Guarantees	0	0
Total	0	0

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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 1st July 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2023				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

(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.

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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 1st July 2022				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2023				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

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.

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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:

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

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%		
USD	10%		
2023			
Euro	10%		
USD	10%		

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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:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds		
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

25. Events after the reporting period

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

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26. Ultimate and Holding Entity

The entity is a County Public Fund established by the Kakamega County Government Regulation 2014-2015 under the Ministry of Trade, Industrialization and Tourism. Its ultimate parent is the County Government of Kakamega.

27. Currency

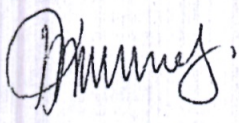
The financial statements are presented in Kenya Shillings (Kshs).

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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)
		<p>Microfinance Act, 2018 to provide for the taking over of the assets and liabilities of the Fund.</p> <p>c) Recovery of loans is a continuous exercise and the County Government shall ensure that all outstanding loans have been recovered.</p> <p>a) All defaulters were blacklisted by the bank.</p> <p>b) The management of the Fund is liaising and facilitating ward administration to ensure 100% recovery.</p> <p>We are in the process of procuring a debt collector to recover the outstanding loans.</p>		

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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)
4.6	<p>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 the 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 template.</p>	The management has used the required template.	Awaiting approval	N/A

Signature: 

For

Shakir Dahir Adan.
Fund administrator,

