

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

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**KAKAMEGA COUNTY SMALL SCALE TRADE
DEVELOPMENT FUND**

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

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KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND

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

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND

Annual Report and Financial Statements for the year ended June 30, 2024

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.

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 Financial 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, though formal procedure to wind up the fund is yet to be accomplished.

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, Industrialization and Tourism, Faith Gitira.

d) Key Management Team

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

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

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	
2	Staff car Mortgage and car Loan Advisory Committee	
3		

f) Registered Offices

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

g) Fund Contacts

Telephone: 056 31850/31852/31853

E-mail: info@kakamega.go.ke

Website: kakamega.go.ke

h) Fund Bankers

KCB Ltd-Kakamega Branch

P. O. Box 152

Kakamega Town,

Kenya.

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

k) County Attorney

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 June 30, 2024

3. Board of Trustees/Fund Administration Committee

There is no Board of Trustees or Fund Administration Committee. The fund is headed by the Chief Officer Ministry of Trade, Industrialization and Tourism, Faith Gitira.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

4. Management Team

Name	Details of qualifications and experience
<p>1. Ms. Faith Khamali Gitira</p> <hr/> 	<p>Chief Officer Ministry of Trade Industrialization and Tourism. DOB 31/12/1985</p> <p>Ongoing masters in Health systems management with Kenya Methodist University</p> <p>Holds a bachelor's degree in Health Systems Management from Kenya Methodist University</p> <p>Diploma in Nursing from Mukumu school of Nursing</p> <p>Speciality in Reproductive Health</p> <p>Training in financial management from Kenya school of Government</p> <p>Training in leadership management and Governance for Health systems strengthening from Amref Health Africa</p> <p>A member of Kenya National Union of Nurses, National Nurses association of Kenya, Kenya progressive Nurses association, and Midwives Association of Kenya</p>
<p>2. CPA Jerry Mukoko</p> 	<p>Accountant Ministry of Trade Industrialization and Tourism. DOB 14/07/1977</p> <p>Ongoing MBA in Strategic Management-Masinde Muliro University of Science & Technology</p> <p>Holds a Bachelor's degree in Finance & Accounts from Kenya Methodist University</p> <p>Diploma in Business Management Kenya Institute of Management</p> <p>Holder of Certificate in Senior Management from Kenya school of Government</p> <p>A member of Kenya Institute of Certified Public Accountants of Kenya</p>

5. Board/Fund Chairperson's Report

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



Faith Gitira

Chief Officer Ministry of Trade and Industrialization

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of the Fund Administrator

The fund has no fund manager or Administrator hence no report



Faith Gitira

Chief Officer Ministry of Trade and Industrialization

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 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 on going.

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.

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

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

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

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

The Corporation did not receive any allocation for the financial year 2023/2024. The fund is inactive and did not operate for the entire year.

10. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

The Fund was established by regulations of the County Assembly.

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 inactive and 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 for public servants and the Ethics and Anti-corruption Act. It's funded by public funds and ensures high standards of corporate governance.

All Fund staff 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. Corporate Social Responsibility/ Community Engagements

The Fund core activity is 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 June 30, 2024

11. Report of the Trustees

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

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, a role which has been taken over by the Kakamega County Micro-finance Corporation.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 8 to 34

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 County Small Scale Trade Development Fund

Sign:



Name: Faith Gitira

Chief Officer Ministry of Trade and Industrialization

Date: 27/09/2024

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by 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 the quarter ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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 Quarter ended 30th June, 2024, and of the Fund’s financial position as at that date. The Administrator further confirms 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 Kakamega County Small Scale Fund has assessed the Fund’s ability not to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 27/09/ 2024 and signed on its behalf by:

Signed..........

Chief Officer Ministry of Trade and Industrialization

REPUBLIC OF KENYA

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



Enhancing Accountability

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Anniversary Towers
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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, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kakamega County Small Scale Trade Development Fund set out on pages 1 to 37, which comprise the statement of

Report of the Auditor-General on Kakamega County Small Scale Trade Development Fund for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kakamega County Small Scale Trade Development Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Kakamega County Small Scale Trade Development) Fund Regulations, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Long-Term Receivables from Exchange Transactions

The statement of financial position indicates long-term receivables from exchange transactions balances of Kshs.40,531,045 and Kshs.40,535,089 for the current and previous year respectively, and as disclosed in Note 12 to the financial statements. However, the general ledger provided for audit review indicates receivables balance of Kshs.40,535,089 and does not include the dates and duration of loans. Further, the loans register, disbursements schedule, approved loans application forms containing copies of the identity card, permanent physical address, and passport photos of the applicants were not maintained by the Management.

In the circumstances, the accuracy and recoverability of long-term receivables from exchange transactions balance of Kshs.40,531,045 could not be confirmed.

2. Undisclosed Uncertainty on Sustainability of Services

The Fund disbursed loans amounting to Kshs.70,295,063 to traders in the financial year 2015/2016 through a local bank which were recoverable within two years. However, loans totaling Kshs.40,531,045 were still outstanding as at 30 June, 2024. Management has not provided evidence of 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. This has not been disclosed in the financial statements.

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 the Code of Ethics. I

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the previous year audit report, one issue each was raised under Report on the Financial Statements and Emphasis of Matter. However, the issues had not been resolved as at 30 June, 2024 and Management did not provide satisfactory reasons for the delay in resolving the issues.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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

	Note	FY 2023-2024	FY 2022-2023
		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 18 to 33

form an integral part of these Financial Statements)

Signature.....

Name: Faith Gitira

Fund Administrator

.....

Name: CPA Jerry Mukoko

Fund Accountant

ICPAK Member Number:26368

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024


15. Statement of Financial Position As at 30 June, 2024


	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	354,482	351,503
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
Total current assets		354,482	351,503
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	40,531,045	40,535,089
Total non- current assets		40,531,045	40,535,089
Total Assets		40,885,527	40,886,592
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	-	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
Total Current Liabilities			
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Net Assets		40,885,527	40,886,592
Revolving Fund		45,897,714	45,897,714
Reserves		-	-
Accumulated Surplus		(5,012,187)	(5,011,122)

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Total Net Assets and Liabilities		40,885,527	40,886,592
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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 _____ 2024 and signed by:


Signature.....
Name: Faith Gitira
Administrator of the Fund


Signature.....
Name: CPA Jerry Mukoko
Fund Accountant
ICPAK Member Number:26368

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
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 30th June, 2023	45,897,714		(5,011,122)	40,886,592
Balance As At 1 July, 2023	45,897,714		(5,011,122)	40,886,592
Surplus/(Deficit) For the Period	-	-	(1,065)	(1,065)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30th June, 2024	45,897,714		(5,012,187)	40,885,527

Signature.....
Name: Faith Gitira
Administrator of the Fund

Signature.....
Name: CPA Jerry Mukoko
Fund Accountant
ICPAK Member Number:26368

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024


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


	Note	FY 2023-2024	FY 2022-2023
		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		(1,065)	(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		4044	58,269
Net changes in cash and cash equivalent		2979	57,204
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 Equivalentents		2,979	57,204

KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

Cash and cash equivalents at 1 July	11	351,503	294299
Cash and cash equivalents at 30th June, 2024	11	354,482	351,503

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

Signature.....
Name: Faith Gitira
Administrator of the Fund

Signature.....
Name: CPA Jerry Mukoko
Fund Accountant
ICPAK Member Number:26368

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	FY 2023/2024	FY 2023/2024	FY 2023/2024	FY 2022/2023	FY 2022/2023	FY 2023/2024
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	1,065	(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 operational

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kakamega Small Scale Trade Development Fund was established by the County Government of Kakamega through Small Scale Trade Development Fund regulations in the Financial Year 2014-2015 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 was to provide small scale loans services to traders of small and medium enterprises in the County. A role which has been taken over by the Kakamega County Microfinance Corporation.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the

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for Sale and Discontinued Operations	<p>lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should</p>

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	be presented by a retirement benefit plan.
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(i) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023/2024

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The 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.

a) Intangible Assets

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

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

b) Investment property

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

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of

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one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)
Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

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 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)

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6. Notes to the Financial Statements

1. Public contributions and donations

Description	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	0.00	0.00
Payments By County On Behalf Of The Entity	0.00	0.00
Unconditional Development grants	0.00	0.00
Total	0.00	0.00

3. Fines, penalties and other levies

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Late Payment Penalties	0.00	0.00
Fines	0.00	0.00
Total	0.00	0.00

4. Interest income

Description	FY 2023-2024	FY 2022-2023
	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

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Notes to the Financial Statements Continued

5. Other income

Description	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	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	1,065.00
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

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Other (<i>Specify</i>)	0.00	0.00
Total	1,065.00	2,130.00

8. Depreciation and Amortization Expense

Description	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Property, Plant and Equipment	0.00	0.00
Intangible Assets	0.00	0.00
Total	0.00	0.00

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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	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank			
1. Bank Operation account	1170346138	1,313	1,313
2. Fund account			
KCB	1179536118	353,169	350,190
Sub- Total		354,482	351,503

12. Receivables from exchange transactions

Description	FY 2023-2024	FY 2022-2023
	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	40,535,089	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	FY 2023-2024	FY 2022-2023
	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		

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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	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	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

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Notes to the Financial Statements (Continued)

15. Property, plant and equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1 st July 2022	0	0	0	0	0
Net Book Values	0	0	0	0	0
At 30 th June 2023	0	0	0	0	0
At 1 st July 2023	0	0	0	0	0
At 30 th June 2024	0	0	0	0	0

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Notes to the Financial Statements (Continued)

16. Intangible assets

Description	FY 2023-2024	FY 2022-2023
	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	0	0

17. Trade and other payables from exchange transactions

Description	FY 2023-2024	FY 2022-2023
	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 (1.07.2023)	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilized	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 (30.06.2024)	0	0	0	0

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Notes to the Financial Statements (Continued)

19. Borrowings

Description	FY 2023-2024	FY 2022-2023
	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:

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan from Organization`	0	0
Sterling Pound Denominated Loan from Organization`	0	0
Euro Denominated Loan from Organisation`	0	0
Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End of The Year	0	0

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

Description	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	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

	FY 2023-2024	FY 2022-2023
	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	0	0
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow from Operating Activities	0	0

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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

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	FY 2023-2024	FY 2022-2023
	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

	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	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 minimize 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 counter-party 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 2023				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30th June, 2024				
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

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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 1st July 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
At 30th June 2024				
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

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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 on-going 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:

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June, 2024			
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

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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
2023			
Euro	10%		
USD	10%		
2024			
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:

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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

25. Events after the reporting Period

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

26. Ultimate and Holding Entity

The entity is a County Public Fund established by the Kakamega County Government Regulations 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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20. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion	Long Outstanding Receivables			
	<p>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.</p> <p>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</p>	<p>The management provided Schedule of Loan disbursement for your review</p>		N/A

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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>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.</p> <p>In the circumstances, the accuracy and recovery ability of the long-term receivables of Kshs. 40,535,039 could not be confirmed.</p>			
1.2	<p>Uncertainty on sustainability of Services</p> <p>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</p>	<p>The management has noted the concern and management is discussing with bank to find a way of recovery of the fund disbursed and has written to the cabinet to authorise winding up process</p> <p>Request to Cabinet to</p>	Awaiting approval	N/A

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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>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 funds ability to sustain its services.</p>	<p>Authorise Winding up</p>		
1.3	<p>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.</p>	<p>The management is working on resolving the prior issues raised.</p>		