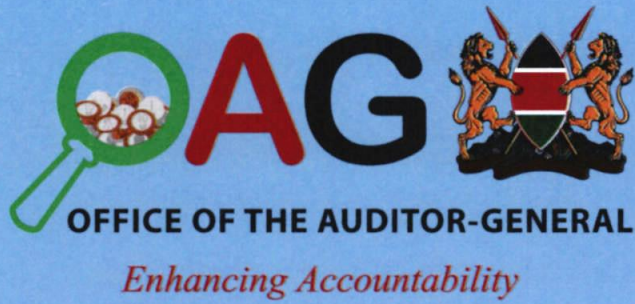


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REPORT

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ON

**KAKAMEGA COUNTY INVESTMENT
AND DEVELOPMENT AGENCY**

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

PAPERS LAID	
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KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY

**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 Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

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Kakamega County Investment and Development Agency

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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 The key management personnel who had financial responsibility
*Provide a list of Acronyms and Key terms used in the financial report as per above example.
The list to be exhaustive)*

Kakamega County Investment and Development Agency

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

2. Key Entity Information and Management

a) Background information

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

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

b) Principal Activities

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

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

c) Board of Directors/Fund Administration Committee

Ref	Name	Position
1.	Prof. Nelson Wawire Horace	Chairman
2.	Dr. June Mwajuma (Chief Officer, Finance)	Member
3.	CPA Samson Otieno (Chief Office, Economic Planning and Investment)	Member
4.	CPA Mumia Koroti	Member
5.	Mrs. Alice Nanjala Wafula	Member
6.	Mr. Peter Juma Mwombe	Member
7.	Mr. Robinson Oduma	Member
8.	Dr. Boniface Okoth (County Secretary)	Member
9.	CS Vivianne Komwonyo (County Attorney)	Member
10.	Ms. Elizabeth Asichi (CEO)	Member

d) Key Management Steam

Ref	Name	Position
1	Elizabeth Asichi	CEO
2	CPA Samson Otieno	CO Economic Planning and investment
3	Amboka Collins	Fund Accountant
4	Cleophas Makokha	SCMO
5		

e) Fiduciary Oversight Arrangements

No	Entity	Role
1	Audit Committee and Finance committee activities	Provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations
2	Senate Committee Activities	Legislation, Oversight and Representation
3	County Assembly	Legislation, Oversight and Representation
4	Development partner oversight activities	Predominant roles played by development partners have been shown to include capacity building, project planning, lobbying and advocacy, others (including resource mobilization) and financing respectively
5	Controller of Budget	This role involves overseeing the implementation of the budgets of both national and county governments. The Controller of Budget in this role therefore monitors the use of public funds in-year and reports to Parliament on how the funds have been utilised.

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

6	Office of the Auditor General	The Auditor-General (AG) is mandated to audit and report on the use and management of public resources by public entities. Article 229(6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way
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f) Registered Offices

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

g) Fund Contacts

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

h) Fund Bankers

1. KCB Bank Kakamega Branch
Kakamega Branch
2. Equity Bank
Kakamega Branch

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

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

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

3. Board of Director

Name	Details of qualifications and experience
 <p>Prof. Nelson H. Wawire Chairman</p>	<p>Ph.D in Economics, Master of Arts (Economics) & Bachelor of Education. Professor of Economics & Research Coordinator for Kenyatta University Women’s Economic Empowerment Hub.</p> <p>Consultancies: Commission for Revenue Allocation, African Economic Research Consortium, World Bank, COMESA Centre for Global Development; Centennial Group Holdings LLC, , UNECA, African Development Bank, UNDP, UNCRD, Partnership for Economic Policy, UNESCO, KIPPRA, Transition Authority, Intergovernmental Relations Technical Committee (IGRTC), Kenya Bankers Association, Salaries and Remuneration Commission, Barclays Bank of Kenya, Central Bank of Kenya, Competition Authority of Kenya, University of Pavia & CISP/CDN.</p>
 <p>Dr. Jeophita J. Mwajuma Chief Officer, Finance and Budget. Member</p>	<p>Ph.D in Environmental Microbiology, Masters of science degree in Microbiology and a Bachelor of Science degree(Botany/zoology) from Kenyatta University. She has undertaken strategic leadership Development Programme, senior Management Course and an IFMIS training for AIE Holders at the Kenya School of Government.</p> <p>Dr. Mwajuma has a depth of 12 years as a senior lecturer as well as senior management roles in various positions. She has previously served as the Chief Officer department of Environment, waste management and energy among other positions.</p> <p>She has served as the Chief Officer Department of Finance and Budget in the County government of Kakamega from November 2022 to date</p>
 <p>CPA Samson Otieno Chief Officer, Economic planning and Investment Member</p>	<p>Acted as chief Officer finance from October 2021 to December 2022, previously Head of Budget and Head of Treasury. A holder of a bachelor of Business Administration-Accounting and Finance option from Kenya Methodist University. A member of Certified Public Accountants of Kenya (ICPAK) and currently pursuing Master of Business Administration Finance from University of Nairobi. Senior management Course at the Kenya School of Government and also undertaken various trainings on public finance key among them on County Government Public Finance Management Fourteen (14) years’ experience and expertise in accounting, finance, planning and budgeting garnered from both the public and private sectors wherein he has managed preparation of annual budgets, development of key policies on finance, accounting and planning.</p> <p>Commenced career as branch accountant at Lupa caterers Ltd in 2007 before joining Prime Aluminium Casement Ltd as an accountant assistant in 2008. He subsequently joined the National Treasury in 2009 as accountant one (I) where he rose to senior accountant before joining the County Government in 2013 as budget officer through Transition Authority.</p>

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024



Mrs. Alice Nanjala Wafula

Board Member and Chair,
Finance & Administration
Committee

Ms. Alice Nanjala Wafula is an experienced accountant and administrator currently working with Nzoia Water Services Company (NZOWASCO) as a Senior Finance Officer. She also doubles up as a Part- Time Lecturer at Kibabii University.

She holds a Master of Business Administration (Finance) from Kibabii University and a Business Management Degree from Masinde Muliro University.

Ms. Nanjala brings on board a wealth of experience spanning over 30 years in various organizations and disciplines.



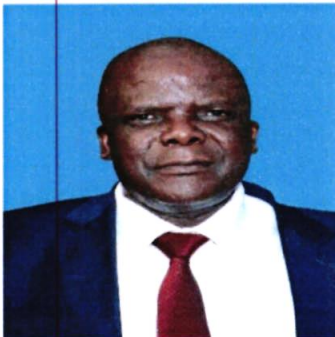
Mr. Robinson Oduma

Board Member and Chair,
Strategy and
Communications
Committee

Mr. Robinson Oduma is a senior academician and administrator with more than 30 years' work experience acquired in the academic field. He currently works as a Lecturer at Masinde Muliro University of Science and Technology (MMUST).

Mr. Oduma is currently studying for a Doctor of Philosophy Degree at Moi University. He holds a Master of Philosophy in Linguistics and a Bachelor of Education.

Over the years, Mr. Oduma has amassed knowledge and experience in teaching, strategic management and team leadership



CPA Mumia Koroti

Board Member and Chair,
Audit & Risk Committee

CPA Mumia Koroti has over 28 years of experience in increasingly responsible roles within Accounting and Finance functions both in the Multinational and Public enterprise environments. He is currently the Chief Financial Officer, Kwale International Sugar Co. Limited (KISCOL). Previously held the positions of: Head of Finance at South Nyanza Sugar Company, Finance Manager at New KCC Ltd and Senior Factory Accountant at Firestone East Africa Ltd.

He holds an MBA in Finance from University of Nairobi, a BA (Economics) from Moi University. A member in good standing of both the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Directors (Kenya)-IOD (K).




Mr. Koroti has wider exposure in project financing, financial model processes, management of syndicated financing and stakeholder relationships. Solid experience in SAP implementation, planning, controlling, risk management, reporting and performance management systems. Over 18 year's in-depth experience in handling board matters and corporate governance practices.

Kakamega County Investment and Development Agency
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 <p>Mr. Peter Juma Mwombe, Board Member and Chair, Investment Promotion Committee</p>	<p>Mr Mwombe hold a degree in Education, (Double economics), he also holds a diploma in computer operations management. Director Mwombe is a consummate administrator and business man with experience spanning over 30years in various fields. Currently he is the director in charge of economic diplomacy at The Kenya National Chamber of Commerce and Industries (KNCCI). In his role at the chamber he offers leadership on capacity building, HR related matters and business improvement initiatives. He is also the CEO Marian Estate agents limited and Marian Services ltd, a real estates company. He brings on board a wealth of experience having worked over the years in various sectors as an administrator, IT expert, High School Principal, a councilor, Psychotherapist as well as a project manager.</p>
 <p>CS. Vivianne M. Komwonyo County Attorney Member</p>	<p>LLM, Post Graduate Diploma (PDG) In Law, Bachelor of Laws, (LLB), Certified Secretary (CS), Notary Public, Senior Management, Advocate of the High Court of Kenya Ag. County Attorney, Senior Legal Office County Government of Kakamega, Associate at Wetangula Adan & Makokha Advocates, Senior Litigation Counsel at Makokha Wattanga & Luyali Advocates, FIDA Kenya Probono Counsel</p>
 <p>Ms. Elizabeth Asichi Chief Executive Officer Member</p>	<p>Qualifications MBA Strategic Management, BSC Quantitative Economics, Member KIM Experience CEO KCIDA, Ag. Deputy Director Investment -KCIDA, Senior Economist in Kakamega County, Chief Administrative Officer Kakamega County, Banker-KCB Bank (K) Ltd for 10years</p>

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

4. Management Team

Name	Details of qualifications and experience
 <p>Ms. Elizabeth Asichi Chief Executive Officer Member</p>	<p>MBA Strategic Management, BSC Quantitative Economics, Member KIM CEO KCIDA, Ag. Deputy Director Investment -KCIDA, Senior Economist I Kakamega County, Chief Administrative Officer Kakamega County, Banker- KCB Bank (K) Ltd for 10years</p>
 <p>CPA Samson Otieno Chief Officer, Economic planning and Investment Member</p>	<p>Acted as chief Officer finance from October 2021 to December 2022, previously Head of Budget and Head of Treasury. A holder of a bachelor of Business Administration- Accounting and Finance option from Kenya Methodist University. A member of Certified Public Accountants of Kenya (ICPAK) and currently pursuing Master of Business Administration Finance from University of Nairobi. Senior management Course at the Kenya School of Government and also undertaken various trainings on public finance key among them on County Government Public Finance Management Fourteen (14) years' experience and expertise in accounting, finance, planning and budgeting garnered from both the public and private sectors wherein he has managed preparation of annual budgets, development of key policies on finance, accounting and planning.</p> <p>Commenced career as branch accountant at Lupa caterers Ltd in 2007 before joining Prime Aluminium Casement Ltd as an accountant assistant in 2008. He subsequently joined the National Treasury in 2009 as accountant one (I) where he rose to senior accountant before joining the County Government in 2013 as budget officer through Transition Authority.</p>
 <p>Mr. Amboka Collins Mbalukha Accountant</p>	<p>Qualifications Bachelors Degree in Commerce Finance, Currently undertaking KASNEB Certified Public Accounts Professional Papers.</p> <p>Experience Previously worked as an accounts assistant at the Kakamega County Teaching and Referral Hospital. Has a 4 years experience in public accounts and finance. Has Served as the Accountant for KCIDA since July 2022 to date.</p> <p>Consultancy Industrial Expert, Development of Learner-Based Curriculum, Sigalagala National Polytechnic</p>

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024



Cleophas Makokha
Onyango
Snr. SCMO

Has a Diploma in Purchasing and Supplies Management, Member of the Kenya Institute of Supplies Management, (KISM).
Consultancies: Kenya Institute of Public Policy Research and Analysis, KNBS and Maastricht University – Netherlands.
Brings in an experience of more than 18 Years in Public Procurement and Supplies Management.

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

5. Board Chairperson’s Report

As the Chairperson of the Kakamega County Investment and Development Agency (KCIDA), I am pleased to present this report for the fiscal year 2023/2024. This past year has been one of change, adaptation, and growth, marked by significant developments in our governance structure and strategic direction.

During the year, there were no notable changes in our Fund's management team. The fund has maintained the same Board of Directors which has brought extensive experience in corporate governance and Investment policy formulation and implementation.

Review of the Agency’s Performance

The Agency has shown commendable resilience and progress despite a challenging economic environment. Our portfolio has significantly improved by signing MOUs between the County Government and willing Investors. So far, The Agency has on-boarded Regen Organics, an Organic fertilizer Investor who is involved in processing Organic fertilizer from organic waste hence helping in Environmental sustainability initiatives in the county and by extension to the region. We have also expanded our outreach programs, reaching more beneficiaries by inviting both local and International Investors to the County and fulfilling our mandate more effectively.

Future Outlook

Looking ahead, we remain focused on driving sustainable growth and enhancing our impact. Key priorities for the coming year include diversifying our investment portfolio, improving operational efficiency, and fostering partnerships to increase our reach and effectiveness. We anticipate a dynamic year ahead, with opportunities for innovation and expansion.

Other Matters

We have undertaken an internal review of our governance practices to ensure compliance with all relevant regulations and best practices. The results have been encouraging, confirming our commitment to transparency, accountability, and good governance.

Conclusion

In conclusion, I extend my gratitude to our board members, management team, and staff for their dedication and hard work throughout the year. I also thank our stakeholders, including beneficiaries, donors, and partners, for their continued support and trust. Together, we look forward to another successful year for the Kakamega County Investment and Development Agency.

Name Nelson Wawire Were Horace (Prof) Signature  Date... 27/07/2024

Chairperson of the Board

Kakamega County Investment and Development Agency

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

6. Report of The Chief Executive Officer

Introduction

I am pleased to present the Fund Administrator's report for the Kakamega County Investment and Development Agency for the fiscal year 2023/2024. This report provides a detailed overview of the Agency's performance, financial standing, and achievements, while also highlighting the challenges faced and the strategies adopted to mitigate risks.

Budget Performance

The Agency was allocated Kshs. 84,141,774 in the financial year 2023/2024, the Corporation incurred an expenditure of Kshs 88.1 M out of the budgeted funds. The Agency had a balance brought down of Kshs. 4.2M which was spent in the year 2023-2024.

Physical Progress

Since the establishment of the Kakamega County Investment and Development Agency, we have made significant progress in delivering on our mandate. The agency has had a tremendous impact in various Departments Including Department of Environment, water and Sanitation by bringing on board both organic and inorganic waste control initiatives among other initiatives.

The Kakamega County Investment and Development Agency (KCIDA) has been actively involved in several development projects during the fiscal year 2023/2024. One of the major areas of focus has been agricultural investment, particularly prioritizing crops such as avocado, sunflower, and upland rice for promotion and development across the county. These efforts are part of a broader strategy to boost food security and economic empowerment

The Agency has effectively utilized 85% of its allocated budget towards achieving these results, demonstrating a strong commitment to value-for-money principles.

Program Implementation Overview

Each program implemented by the Agency has made significant strides:



CHIEF EXECUTIVE OFFICER

Kakamega County Investment and Development Agency **Annual Report and Financial Statements for the year ended June 30, 2024**

7. Statement of Performance Against the Agency's Predetermined Objectives

Introduction

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

The key development objectives of the Agency as per the the 2020-2024 strategic

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

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

Progress on attainment of Strategic development objectives

Program	Objective	Outcome	Indicator	Performance
Investment Promotion	To promote Kakamega as the best investment destination and investors put up sustainable projects in Kakamega County	I. Jobs created II. Wealth created III. Improved living standards	Number of investors on boarded	During FY 2023/2024, Agency on boarded one investor (Regen Organics LV)
Partnership and collaboration Framework	To set in place policies and guidelines to be followed when getting into partnerships	I. Streamlined partnership process II. Beneficial engagements with like-minded entities	Number of partnerships established	During FY 2023/2024. TH Agency established beneficial partnerships and collaborated with; USAID, JICA, WIDU Kenya and KenInvest
Resource Mobilization	To mobilize for resources from partners to help the CGK bridge the resource gap and also make the Agency self-sustaining	I. Mobilized resources for both the Government and the Agency II. A self-sustaining Agency	Amount of Agencies mobilized from development partners and investors	The Agency developed a Resource Mobilization and Investment Promotion Strategy that has helped to enhance mobilization efforts. There is progress in terms of seeking partners
Investment Promotion Programs	To upscale investment promotion programs and activities	I. Participation in investment-related forums II. Production of various promotional materials III. Enhancing the Agency website	No. of potential investors attracted and on boarded	I. During FY 2023/24, the Agency participated in 9 investor-related forums and summits. II. Potential investors from these forums are actively being pursued
Strengthen Institution Capacity	Hire staff Capacity build staff in key areas related to their work	Improved efficiency in service delivery	No. of staff hired No./Type of trainings attended	During FY 2023/24, Agency staff were trained on; I. How to attract an investor-By USAID I. Investment Promotion-JICA(Tokyo Japan)

Kakamega County Investment and Development Agency

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

8. Corporate Governance Statement

i. Board Composition and Appointment Process:

The county through the ministry of finance announces a vacancy through an advertisement for the board of directors. The current Board of Directors for the Kakamega County Investment and Development Agency was competitively recruited and sworn in during the Financial Year 2022/2023. The Board Chair was retained from the previous regime to ensure continuity in leadership.

The recruitment process for the Chief Executive Officer and technical staff was conducted through a competitive process overseen by the County Public Service Board, with interviews held in April and May of 2021.

ii. Board Meetings and Committee Activities:

In the year under review, the Board convened four full Board meetings, attended by all members, alongside four committee meetings. The committees include:

- Finance & Administration Committee
- Strategy and Communication Committee
- Investment Promotion Committee
- Audit Assurance and Risk Committee

At the start of each Board meeting, members are asked to declare any conflicts of interest relating to agenda items to ensure transparency.

iii. Role Responsibilities:

The roles and responsibilities of the Board are explicitly outlined in the Board Charter, which details individual and collective authorities. Key responsibilities include:

- Ensuring the efficient exercise of the agency's powers and performance functions.
- Approving the agency's revenue and expenditure estimates.
- Subject to the Executive Committee's approval, managing investments and borrowings.
- Performing any additional functions mandated by relevant legislation.

iv. Induction and Training:

All directors underwent an induction course and received training upon their inauguration, conducted by the State Corporation Advisory Committee, to equip them with the necessary skills and knowledge for their roles.

v. Adherence to Procurement Procedures:

The agency strictly adheres to procurement procedures in line with the Public Procurement and Asset Disposal Act, 2015. Board members are required to declare any conflicts of interest during meetings to uphold ethical standards.

vi. Remuneration of Board Members:

The Board Chairman receives a monthly honorarium of Kshs. 50,000 and an airtime allowance of Kshs. 5,000. Board members are compensated with sitting allowances ranging from Kshs. 4,000 to Kshs. 15,000 for attending meetings, and independent Board members are reimbursed for travel and accommodation expenses.

vii. Appointment and Removal of Board Members:

The process of appointing and removing Board members is governed by the policies set out in the Public Service Act and the Kenya Constitution. Appointments are made by the relevant County authority, considering various factors, including skills, experience, and representation. Removal can occur based on established grounds, ensuring that due process is followed to maintain governance integrity

Kakamega County Investment and Development Agency

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

9. Management Discussion and Analysis

Kakamega County Investment and Development Agency is a County Government of Kakamega Agency. The Agency presents the Annual Financial Report and Statement for the financial year 2023-2024. The statement present the financial performance of the Agency for financial year 2023-2024.

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

The Financial Statements present the recent actual fiscal performance for the year 2023-2024 and make comparisons to the budget appropriations for the same period. They further provide a comprehensive financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2023/2024.

In the year under review, the Agency was allocated Kshs. 84,141,774 in the financial year 2023/2024, the Corporation incurred an expenditure of Kshs 84.1 M out of the budgeted funds. The Agency had a balance brought down of Kshs. 4.2M from the FY 2022-2023 which was spent in the year 2023-2024.

In the year ended 30th June 2023, the Agency was allocated Kshs. 22,375,513 in the financial year 2022/2023, the Corporation has spent Kshs 15.8 M out of the disbursed Kshs 20.1M. The agency did not realize revenue from the County Treasury of Kshs. 2,185,513 in the FY 2022-2023 and the said funding are expected to be realized in the FY 2023-2024. In the year ended 30th June 2022, the Agency was allocated 19,300,965 in the financial year 2021/2022, the Corporation has spent Kshs 14.7M out of disbursed Kshs 14.8M.

The table below

Year	Revenue Allocated (Ksh)	Revenue Realized	Expenditure	Variance
2023-2024	84,1M	84,1M	84.1M	Nil
2022-2023	22.3M	20.1M	15.8M	4.3M
2021-2022	19.3M	14.8M	14.7M	0.1M

The FY 2023/2024 was the Agency's breakthrough year. The Agency, through the approval of the Cabinet and the board of directors managed to hold the First Kakamega International Investment Conference which raised a platform for the county, Local and international investors to showcase their product line. During this Conference, the county managed to sign more than 20 MOUs with different investors which are being followed up for implementation. Additionally, the Agency made concerted efforts to seek partnerships and collaborations with organizations whose objectives align with those of the County Government of Kakamega, writing proposals and concept notes to donors for funding. The Agency also partnered with the United States Agency for International Development (USAID) and the State department of Crops development through JICA to support investment promotion initiatives that led to the development of the final value

Kakamega County Investment and Development Agency

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

chain analysis report for Avocado, sunflower and upland rice, and an upgrade of the Agency's website.

The major risk facing the Kakamega County Investment and Development Agency is underfunding, which threatens its ability to effectively implement its strategic and annual work plans. Despite the Agency's successes, such as hosting the First Kakamega International Investment Conference and securing partnerships with organizations like USAID, it has struggled with inadequate and inconsistent funding. The Agency did not fully realize revenue from the County Treasury in FY 2022-2023, with Kshs. 2,185,513 not received, and this funding was not realized in FY 2023-2024. This financial uncertainty, coupled with the Agency's dependence on external revenue and the challenge of securing sufficient funds for its growing initiatives, puts its long-term sustainability and ability to fulfill its investment promotion goals at risk.

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

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The Agency is sustained by the County Government through treasury disbursements. The macro-economic and political shocks to the county transmits negative consequences to the agency's sustainability profile. Through regulations under approval by the relevant regulatory organs, the agency is working on enlarging the sustainability profile by increasing the MOUs signed which increases the Agencies Performance hence strengthening the sustainability profile. Despite the successes registered by the Agency, disbursement challenges caused by late disbursement of the exchequer from the National Treasury has affected the performance of the agency by hindering service delivery to the public.

2. Environmental performance

The agency has adopted the County Environmental Policy that guides its operations while seeking investors especially on matters environment. The agency has incorporated the establishment of organic fertilizer plant in its implementation framework hence the Signing of the MOUs with Regen Organics sanergy who are implementing the organic Fertilizer plant in Mumias west Sub-County.

3. Employee welfare

The agency recruits its employees competitively through the County Public Service Board and takes into account gender parity to alienate gender discrimination. The agency inducts its employees through elaborate training programs to upscale competency of the employees.

4. Market place practices-

The agency, has ensured responsible competition practices which portrays a fair and healthy competition while eliminating corruption practices. To achieve this, the agency has maintained good business practices by distributing all the procurement opportunities across the whole market spectrum including the 30% special interest group markup. Additionally, the agency advertises the open procurement opportunities to the public through county website and print media to cub against any malpractices in procurement processes.

5. Corporate Social Responsibility / Community Engagements

The agency has not done any corporate social responsibility but we endeavor to partake an elaborate corporate social responsibility.

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Directors

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

Principal activities

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

Results

The results of the Agency for the year ended June 30, 2024 are set out on page XV

Trustees

The members of the Board of Directors who served during the year are shown on page VII-XI.

Auditors

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

By Order of the Board



.....
Secretary to the Board

Date: 27/09/2024.....

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Director’s Responsibilities

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

The Administrator of the Agency is responsible for the preparation and presentation of the Agency’s financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 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 Agency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Agency accepts responsibility for the Agency’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kakamega County Investment and Development Agency Act, 2018. The Administrator of the Agency is of the opinion that the Agency’s financial statements give a true and fair view of the state of Agency’s transactions during the financial year ended June 30, 2024, and of the Agency’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency’s financial statements as well as the adequacy of the systems of internal financial control.

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

Nothing has come to the attention of the Administrator to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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

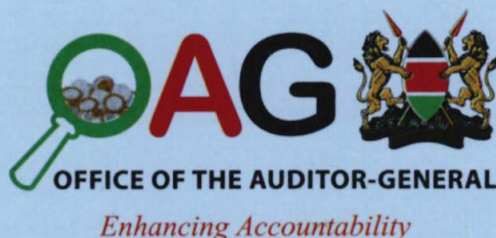


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Chairperson of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY INVESTMENT AND DEVELOPMENT AGENCY 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 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 the 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 Investment and Development Agency set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance,

Report of the Auditor-General on Kakamega County Investment and Development Agency for the year ended 30 June, 2024

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 Investment and Development Agency as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kakamega County Investment and Development Agency Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Board, Committees and Conference Expenses

The statement of financial performance reflects use of goods and services of Kshs.88,172,724 as disclosed in Note 4 to the financial statements. The amount includes Boards, committees and conferences expenses amounting to Kshs.2,138,368. However, a general ledger to support the expenditure of Kshs.2,138,368 was not provided for audit review.

In the circumstances, the accuracy and completeness of Boards, committees and conferences expenses amounting to Kshs.2,138,368 could not be confirmed.

2. Unsupported Depreciation and Amortization Expenses

The statement of financial performance reflects depreciation and amortization amount of Kshs.343,105. However, the depreciation on property, plant and equipment was not supported by general ledger entries. Additionally, an approved depreciation policy was not provided for audit review.

In the circumstances, the accuracy and completeness of depreciation and amortization amount of Kshs.343,105 could not be confirmed.

3. Variance in cash generated from operations

The statement of cash flows reflects net cash flows from operating activities of Kshs.(326,365) and Kshs.4,587,952 for the current and previous financial year(2022/2023) which differs from Kshs.(3,226,365) and Kshs.4,420,919 in Note 14 to the financial statements resulting unexplained variance of Kshs.(2,903,000) and Kshs.167,033 respectively.

In the circumstances, the accuracy and completeness of the net cash flow from operating activities of Kshs(326,365) and Kshs.4,587,952 for the current and previous financial year(2022/2023) respectively could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kakamega County Investment and Development Agency 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.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 Information

The Directors are responsible for the other information set out on page iii to xx which comprise of Key Entity Information and Management, Board of Directors, Key Management Team, Chairman's Report, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Director's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Agency'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 and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion, I confirm that nothing else 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

1. Presentation and Disclosure of Financial Statements

During the year under review, scrutiny of the annual report and financial statements of the Agency revealed that the entity did not use the annual county corporations- SAGAs financial reporting template issued in June, 2024. The statement of financial performance and statement of financial position have not been signed by the chairman of the Board, and the accounting officer is stated as the administrator of the Agency. This is contrary to the requirement of approved financial reporting standards for county corporations set in accordance with Section 194. (1) the Public Finance Management Act, 2012 which state that the Public Sector Accounting Standards Board shall provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities

In the circumstances, the annual report and financial statements do not comply with the prescribed reporting template issued by the Public Sector Accounting Standards Board.

2. Lack of an Updated Non-Current Asset Register

During the year under review, records reviewed revealed that the non-current asset register provided for audit lacked key information as prescribed including acquisition dates, class and identification codes with which assets were tagged. Further, it was noted that most of the assets were not tagged and asset movement registers were not properly maintained. This is contrary to Regulation 143. (1) of the Public Finance Management (County Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, Management was in breach of the law.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of an Internal Audit Committee

Review of the internal controls, risk management and governance of the Agency revealed that the Agency had not established an audit committee although there was an internal audit function. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that subject to paragraph (2) of this Regulation, each county Government entity shall establish an audit committee. In addition, there was no documentary evidence that internal audit department had an audit work plan and a demonstration of the execution of the plan was not provided for audit review.

In the circumstances, the adequacy of the Board oversight on Agency activities could not be confirmed.

2. Lack of Risk Management Policy

During the year under review, the Agency had not put in place a risk management policy and a risk assessment exercise was not performed during the year under review contrary to Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015, which states that the Accounting Officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operation.

In the circumstances, the Agency was exposed to financial and operational risks.

3. Inadequate Internal Controls on Information Communication Technology (ICT)

During the year under review, supporting documents to show that the Agency have in place an ICT strategy, steering committee, ICT security policy, disaster management and recovery policies was not provided for audit review. In addition, the Agency did not have a policy on physical access to ICT infrastructure. This is contrary to Chapter 3.3 of Mwongozo code of governance 2015 the board has the responsibility of ensuring that the organization has adequate systems and processes of accountability, risk management and internal control in place. Further, Section 3.6 provides that the board is responsible for the formulation and establishment of an ICT policy which should be integrated into the operations of the organization.

In the circumstances, the adequacy of internal controls on Information, communication and technology could not be confirmed.

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 Agency's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using 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 Agency's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I 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/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

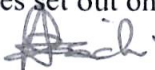
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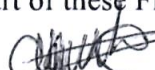
**Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	36,241,774	0
Transfers From the County Government	2	47,900,000	20,190,000
		84,141,774	20,190,000
Revenue From Exchange Transactions			
Other Income	3	0	0
		0	0
Total Revenue		84,141,774	20,190,000
Expenses			
Use of goods and services	4	88,172,724	15,602,048
Depreciation and Amortization Expense	5	343,105	167,033
Total Expenses		88,515,829	15,769,081
Other Gains/Losses		0	
Gain/Loss on Disposal of Assets	7	0	0
Gain /Loss on fair value of investments	8	0	0
Surplus/(Deficit) for the Period		(4,374,055)	4,420,919

The notes set out on pages 16 to 22 form an integral part of these Financial Statements


 Name: Asichi Elizabeth
 Administrator of the Agency

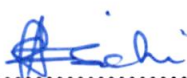

 Name: AMBOKO COLUPT
 Agency Accountant
 ICPAK Member Number:


Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	2,939,051	4,294,835
Current Portion of Long- Term Receivables From Non Exchange Transactions	10	0	0
Total current assets		2,939,051	0
Non-Current Assets			
Property, Plant and Equipment	11	1,187,413	501,099
Total non- current assets		1,187,413	501,099
Total Assets (A)		4,126,464	4,795,934
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	12	3,704,585	0
Total current liabilities		3,704,585	0
Non-Current Liabilities			
Social benefit liabilities	13	0	0
Total Non Current liabilities		0	0
Total Liabilities (B)		3,704,585	0
Net Assets (A-B)		421,879	4,795,934
Represented By:			
Accumulated Surplus		421,879	4,795,934
Net Assets		421,879	4,795,934

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 27/09/ 2024 and signed by:


 Name: Asichi Elizabeth
 Administrator of the Agency


 Name: AMBOKA COLLITS
 Agency Accountant
 ICPAK Member Number:

**Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Description	Revolvi	Revaluation	Accumulated	Total
	ng Fund	Reserve	surplus	
		Kshs	Kshs	Kshs
Balance As At 1 July 2022/2023	0	0	375,015	375,015
Surplus/(Deficit) For the Period	0	0	4,420,919	4,420,919
Balance As At 30 June 2022/2023	0	0	4,795,934	4,795,934
	0	0		
Balance As At 1 July 2023/2024	0	0	4,795,934	4,795,934
Surplus/(Deficit) For the Period	0	0	(4,374,055)	(4,374,055)
Balance As At 30 June 2023/2024	0	0	421,879	421,879

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	36,241,774	0
Transfers from the county government	2	47,900,000	20,190,000
Total receipts		84,141,774	20,190,000
Payments			
Use of Goods and services		84,403,961	15,602,048
Bank Charges	6	64,178	
Net cash flows from operating activities	14	(326,365)	4,587,952
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	5	(1,029,420)	(293,132)
Net cash flows used in investing activities		(1,029,420)	(293,132)
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Net cash flows used in financing activities			0
Net increase/(decrease) in cash & cash Equivalents		(1,355,784)	4,294,820
Cash and cash equivalents at 1 July 2023		4,294,835	15
Cash and cash equivalents at 30 June 2024		2,939,051	4,294,835

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

The difference in the use of goods figures between the cash flow statement and the statement of financial performance comes from their accounting methods. The financial performance statement records revenue when earned and expenses when incurred, using accrual accounting. In contrast, the cash flow statement tracks cash received and paid, following the cash basis

**Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024**

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	36,241,774	0	36,241,774	36,241,774	0	100%
Transfers From County Govt.	47,900,000	0	47,900,000	47,900,000	0	100%
Total Income	84,141,774	0	84,141,774	84,141,774	0	100%
Expenses						
Use of goods and services	83,641,774	0	83,641,774	88,172,724	(4,530,950)	105%
Depreciation	500,000	0	500,000	343,106	156,894	26%
Total Expenditure	84,141,774	0	84,141,774	88,515,830	(4,374,056)	100%
Surplus For the Period	0	0	0	(4,374,056)	(4,374,056)	
Capital expenditure	0	0	0	0	0	0

Budget notes

1. The agency anticipated to receive more funds from public contributions and the County Treasury but it did not achieve.
2. There was no supplementary vire-ment during the financial period. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

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

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 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	<p><i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current	<p><i>Applicable 1st January 2025</i> The Standard requires,</p>

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

Assets Held for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 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.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: 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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	Applicable 1st January 2026 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.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 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.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(i) Early adoption of standards

Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

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

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 21st June 2023. There were no subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of Ksh. 0 on the FY 2023/2024 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Annex 18 on Notes to Budget of these financial statements.

c) Property, plant and equipment

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

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.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

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 Agency does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to Agency obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

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 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. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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

Kakamega County Investment and Development Agency
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6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	2023/2024	2022/2023
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	36,241,774	0
Total	36,241,774	0

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	47,900,000	20,190,000
Total	47,900,000	20,190,000

3. Other income

Description	2023/2024	2022/2023
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

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

Kakamega County Investment and Development Agency
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4. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Telephone	251,376	211,294
Internet Services	48,139	67,958
Accommodation and Domestic Travel	6,522,823	6,790,750
Foreign Travel	354,200	0
Foreign Accommodation	654,657	0
Daily subsistence	5,829,125	1,826,766
Postal and Courier Services	26,837	9,450
Travel Costs (Airline, Bus and Mileage)	2,201,821	1,396,980
Catering	13,217,130	673,323
Boards, committees and conferences	2,138,368	4,132,440
Event Management - Venue Setup	36,445,516	0
Event Management - Communication	339,720	0
Contracted consultancy Services - Event management	3,357,634	0
Advert, awareness & publicity campaigns	6,666,585	0
Sanitary and cleaning material and services	29,005	0
GOS	132,261	30,905
Refined Fuel	273,500	72,715
Publishing and Printing	9,619,848	285,739
Subscriptions- newspapers, periodicals	0	21,279
Bank Commissions	64,178.45	82,449
Total	88,172,723.45	15,602,048

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

5. Depreciation and Amortization Expense

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Property Plant and Equipment	343,106	167,033
Total	343,106	167,033

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6. Financial Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Finance costs	0	0
Total	0	0

7. Gain/(loss) on disposal of assets

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0cc

8. Gain/ (loss) on Fair Value Investments

Description	2023/2024	2022/2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

9. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	2,939,051	4,294,835
Total Cash And Cash Equivalents	2,939,051	4,294,835

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Notes to the Financial Statements Continued

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

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		2,904,944	4,294,835
Kenya Commercial Bank		10,932	
Equity Bank		23,175	
Grand Total		2,939,051	4,294,835

10. Receivables from Non exchange transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	0	0

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due		
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

Kakamega County Investment and Development Agency
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Notes To The Financial Statements (Continued)

11. Property, plant and equipment

	Land and	Motor vehicles	Furniture and fittings	Computers and	Total
	Buildings			office equipment	
Cost	KShs	KShs	KShs	KShs	KShs
At 1 st July 2022				400,000	400,000
Additions				293,132	293,132
Disposals				-	-
Transfers/adjustments				-	-
At 30th June, 2023				693,132	693,132
At 1 st July 2023				693,132	693,132
Additions				1,029,420	1,029,420
Disposals				-	-
Transfer/adjustments				-	-
At 30th June, 2024				1,722,552	1,722,552
Depreciation and impairment					
At 1st July 2022				-	-
as at 30th June 2022				192,033	192,033
Impairment				-	-
At 30th June, 2023				192,033	192,033
At 1st July 2023				192,033	192,033
Depreciation				343,105	343,106
Disposals				-	-
At 30th June, 2023				535,138	535,139
Net book values					
At 30 th June 2022				501,099	501,099
At 31 th Dec 2023				1,187,413	1,187,413

**Kakamega County Investment and Development Agency
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Notes To The Financial Statements (Continued)

12. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Trade Payables	3,704,585		0	
Refundable Deposits				
Accrued Expenses				
Other Payables				
Total Trade and Other Payables	3,704,585		0	
Ageing analysis (Trade and other payables)	Current FY 2023/2024	% of the Total	Comparative FY 2022/2023	% of the Total
Under one year	3,704,585	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	3,704,585		0	

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

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

13. Social Benefit Liabilities

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Health social benefit scheme	0		0	
Unemployment social benefit scheme	0		0	
Orphaned and vulnerable benefit scheme	0		0	
Elderly social benefit scheme	0		0	
Bursary social benefits	0		0	
Total	0		0	
Current social benefits	0		0	
Non- current social benefits	0		0	
Total (tie to totals above)	0		0	

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

**Kakamega County Investment and Development Agency
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Notes To The Financial Statements (Continued)

14. Cash generated from operations.

Description	2023/2024	2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(4,374,055)	4,420,919
Adjusted For:		
Depreciation	343,105	167,033
Amortisation	0	0
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
Working Capital Adjustments		
Increase In Receivables		
Increase In Payables	3,704,585	
Net Cash Flow From Operating Activities	(3,226,365)	4,420,919

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

Notes To The Financial Statements (Continued)

15. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	2023/2024	2022/2023
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	2023/2024	2022/2023
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

**Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024**

Other Disclosures Continued

e) Due to related parties

Description	2023/2024	2022/2023
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

16. Contingent assets and contingent liabilities

Contingent Liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court Case Against the Agency	0	0
Bank Guarantees	0	0
Total	0	0

(Give details)

Notes To The Financial Statements (Continued)

17. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 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 2021	0	0	0	0
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

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

**Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

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

The entity has no significant concentration of credit risk.

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June (Comparative FY)	0	0	0	0
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

**Kakamega County Investment and Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	0	0
USD	10%	0	0
(Comparative FY)			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	Current FY	Comparative FY
	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	%	%

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by The Kakamega County Investment and Development Agency Act, 2018 the Ministry of Finance. Its ultimate parent is the County Government of Kakamega.

20. 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)
Emphasis of matter	Budgetary Control and Performance	The management noted the auditors observation and main reason attributable to underfunding and under performance is late disbursement of exchequer issues from the national treasury.	Provided necessary information waiting for Auditor resolution	31 st October 2024

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

Date... 27/09/2024

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**Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]**

[Insert name of beneficiary Fund]
[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name SignDate

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments