***Issued 30th September 2024***

 

 **PROJECT NAME: XX**

**IMPLEMENTING ENTITY: XX**

**PROJECT GRANT/CREDIT NUMBER: XX**

*(For Application by National and County Governments’ Self Reporting Development Projects as per the financing agreements****)***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 20XX**

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

**(Leave this page blank)**

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# Acronyms and Definition of Terms

CBK Central Bank of Kenya

ICPAK Institute of Certified Public Accountants of Kenya

IMF International Monetary Fund

IPSAS International Public Sector Accounting Standards

CT County Treasury

NT National Treasury

PFM Public Finance Management.

PSASB Public Sector Accounting Standards Board

WB World Bank

Comparative FY Financial year preceding the current financial year.

*(Projects to include all acronyms and Definition of terms used in the annual report and financial statements)*

# Project Information and Overall Performance

**2.1 Name and registered office**

**Name**

The project’s official name is XX.

**Objective**

The key objective of the project is XX

**Address**

The project headquarters offices are in XX *(city/town)*, XX County, Kenya. The address of its registered office is XX *(Insert address of your project as appropriate)*

The project also has offices/branches as follows:

* xx
* xx
* xx

**Contacts:** The following are the project contacts

P.O. Box: XXXXX

Telephone: (254) XXXXXXXX

E-mail: XXXXXXXX.go.ke

Website: [xxx.go.ke](http://www.go.ke)

**Project information and overall performance (continued)**

**2.2 Project Information**

|  |  |
| --- | --- |
| Project Start Date: | DD MM YY |
| Project End Date: | DD MM YY |
| Project Coordinator: | Mr/Mrs/Prof/Dr xx |
| Project Development Partner: | xxx |

**2.3 Project Overview**

|  |  |
| --- | --- |
| Line Ministry or State departments/ County Department  | XXX  |
| Project number |  XXX |
| Strategic goals of the project | The strategic goals of the project are as follows:1. xxx
2. xxx

*(also include specific objectives of the project)* |
| Summary of Project Strategies for achievement of strategic goals | The project management aims to achieve the goals through the following means:1. xxx
2. xxx
 |
| Other important background information of the project | The project --------------- |
| Areas that the project was formed to intervene | The project was formed to intervene in the following problems/gaps:1. xxx
2. xxx
 |
| Project duration | XXX Years |

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the project:

1. ....
2. .....

**2.5 Independent Auditor**

The project is audited by the ---------- (*Insert name and address of external auditor)*

**2.6 Roles and Responsibilities**

*List the different people who are working on the project. This list would include the project coordinator and all the key officers involved.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Names** | **Title designation** | **Key qualification** | **Responsibilities** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**2.7 Funding summary**

The Project is for a duration of XX years from 20XX to 20XX with an approved budget of US$ XX (use Development Partner currency) equivalent to Kshs XX as highlighted in the table below:

**Project information and overall performance (continued)**

Below is the funding summary:

1. **Source of Funds**

| **Source of funds** | **Development Partner Commitment** | **Amount received to date – (30th June 20XX)** | **Undrawn balance to date** |
| --- | --- | --- | --- |
|  | **Development Partner currency** | **Kshs** | **Development Partner currency** | **Kshs** | **Development Partner currency** | **Kshs** |
|  | **(A)** | **(A’)** | **(B)** | **(B’)** | **(A)-(B)** | **(A’) - (B’)** |
| 1. **Grant**
 |  |  |  |  |  |  |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| 1. **Loan**
 |  |  |  |  |  |  |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| 1. **Counterpart funds**
 |  |  |  |  |  |  |
| Government of Kenya | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total** | **-** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**Project information and overall performance (continued)**

1. **Application of Funds**

| **Application of funds** | **Amount received to date – (30th June 20XX)** | **Cumulative amount paid to date – (30th June 20XX)** | **Unutilised balance to date****(30th June 20XX)** |
| --- | --- | --- | --- |
|  | **Development Partner currency** | ***Kshs*** | **Development Partner currency** | ***Kshs*** | **Development Partner currency** | ***Kshs*** |
|  | ***(A)*** | ***(A’)*** | ***(B)*** | **(B’)** | ***(A)-(B)*** | ***(A’)-(B’)*** |
| 1. **Grant**
 |  |  |  |  |  |  |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| 1. **Loan**
 |  |  |  |  |  |  |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| 1. **Counterpart funds**
 |  |  |  |  |  |  |
| Government of Kenya | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**Project information and overall performance (continued)**

***2.8 Summary of Overall Project Performance:***

* 1. *Budget performance against actual amounts for the current year and for cumulative to-date,*
	2. *Physical progress based on outputs and outcomes since project commencement,*
	3. *Indicate the absorption rate for each year since the commencement of the project.*
	4. *List the implementation challenges and recommend the next steps.*

***2.9 Summary of Project Compliance:***

* 1. *Include significant cases of non-compliance with applicable laws and regulations, e.g.,* *treasury circulars on project investment management, PFM Act 2012 and Kenya Vision 2030 flagship projects, and essential external financing agreements/covenants,*
	2. *Include consequences suffered on account of non-compliance or likely to be suffered.*
	3. *Indicate mitigation measures taken or planned to alleviate the adverse effects of actual or potential consequences of non-compliance.*

# Statement of Performance against Project’s Predetermined Objectives

Guidance

*(Refer to the project objectives from the Grant/Credit No and project ID, which inform the program and annual budgets. Report on the extent of the project’s progress in attaining the program plan. Report on the metrics met, objectives yet to be met, challenges, and opportunities of the project in implementing its plan/ agreement/ plan. Enumerate the key objectives of the project as per the program agreement.) (This guidance should be removed in the final set of financial statements.)*

**Introduction**

*Section 81(2)(f)* /*Section 164 (2)(f)* of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity’s performance against predetermined objectives at the end of each financial year.

The key development objectives of the *project’s agreement/* plan are to:

1. xxx
2. xxx
3. xxx
4. xxx
5. xxx
6. xxx

**Progress on the attainment of strategic development objectives**

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

Below, we provide the progress on attaining the stated objectives: (the *entity to provide this information as per the table below or in a more applicable format to its operations)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Project** | **Objective** | **Outcome** | **Indicator** | **Performance** |
| *Public Works, Roads & Transport* | *To develop and maintain roads and storm water drainage to global standards* | *Increased efficient transportation of people, goods and services* | *% of motorable and passable roads within the city* | *In FY XX we increased motorable and passable roads by xx%. the following roads were upgraded (give a listing/number)* |
| *XXX* | *XXX* | *XXX* | *XXX* | *XXX* |
| *XXX* | *XXX* | *XXX* | *XXX* | *XXX* |

 *(Customize as per the project objectives)*

# Environmental and Sustainability Reporting

***(Two to three pages)***

*(Include an Introductory paragraph on the main mandate of the project and its strategy on sustainability. Sustainability, being the ability to maintain or continue offering services to the citizens of the country over the long term, focuses mainly on the five areas indicated below.)*

1. **Sustainability strategy and profile**

*The top management, especially the accounting officer, should refer to sustainable efforts, broad trends in political and macroeconomic factors affecting sustainability priorities, reference to international best practices, and key achievements and failures.*

1. **Environmental performance**

*Outline clearly the environmental policy guiding the organization. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy, and efforts to reduce the environmental impact of the organization’s products.*

1. **Employee welfare**

*Give an account of the policies guiding the hiring process, whether they consider the gender ratio, whether they take in stakeholder engagements, and how often they are improved. Explain efforts to enhance skills and manage careers, as well as appraisal and reward systems. The organization should also disclose its policy on safety and compliance with the Occupational Safety and Health Act of 2007 (OSHA)*

1. **Marketplace practices-**

*(The project should outline its efforts to):*

1. **Responsible Supply chain and supplier relations-**

*Explain how the project maintains good business practices and treats its suppliers responsibly by honouring contracts and respecting payment practices.*

1. **Responsible ethical practices**

*outline efforts to maintain ethical and anti-corruption practices and responsible political involvement.*

1. **Regulatory impact assessment**

*Safeguard citizen and stakeholder’s rights.*

1. **Community Engagements**

Give evidence of community engagement, including charitable giving (cash & material), community social investment, and other forms of community engagement. *(The project gives details of CSR activities carried out in the year and their impact on society. The statement may also include how the organization promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)*

# Statement of Project Management Responsibilities

**The *Principal Secretary/Chief Officer*** for the *Ministry/County* department of *xxx* and the ***Project Coordinator*** *(use the correct title designation)* are responsible for the preparation and presentation of the Project’s financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 20XX.

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 project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud,(iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary/Chief Officer* for the *Ministry/County* Department of ……. and the *Project Coordinator* accept responsibility for the Project’s financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary/Chief Officer* for the *Ministry/County* Department of ……. and the *Project Coordinator* are of the opinion that the Project’s financial statements give a true and fair view of the state of the Project’s transactions during the financial year ended June 30, 20XX, and of the Project’s financial position as at that date. The *Principal Secretary/Chief Officer* for ……. and the *Project Coordinator* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The *Principal Secretary/Chief officer* for the *Ministry/County Department* of ……. and the *Project Coordinator* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the *Principal Secretary/Chief Officer* for the *Ministry/County Department* of ………. and the *Project Coordinator* on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |
| --- | --- |
| **…………………………** | **…………………………..** |
| **Name** | **Name** |
| ***Principal Secretary/******Chief Officer*** | **Project Coordinator** |
|  |  |

# Report of the Independent Auditor on Financial Statements for XXX (*the Project)*

# Statement of Financial Performance for the Year Ended 30th June 20XX.

|  | **Notes** | **Insert Current FY** |
| --- | --- | --- |
|  | **Kshs** |
| **Revenue**  |  |  |
| Revenue Transfers | 6 | xxx |
| Miscellaneous Revenue | 7 | xxx |
| **Total** **revenue** |  | **xxx** |
|  |  |  |
| **Expenses** |  |  |
| Employee costs | 8 | xxx |
| Use of goods and services | 9 | xxx |
| Depreciation and amortization expense | 10 | xxx |
| Transfer to other Government Entities | 11 | xxx |
| Other Transfers/Subsidies/Grants | 12 | xxx |
| Certified Works | 13 | xxx |
| **Total** **expenses** |  | **xxx** |
| **Other** **gains/(losses)** |  |  |
| Gain/Loss on sale of assets | 14 | **xx** |
| Gain/Loss on foreign exchange transactions | 15 | **xx** |
| Impairment loss | 16 | **xx** |
| **Surplus/ (deficit)**  |  | **xxx/(xxx)** |

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

|  |  |  |
| --- | --- | --- |
| **…………………………** | **…………………………..** | **……………………………** |
| **Name** | **Name** | **Name** |
| ***Principal Secretary/******Chief Officer*** | **Project Coordinator** | **Project Accountant** |
|  |  | **ICPAK Member No:** |

*(Paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)*

# Statement of Financial Position as at 30th June 20XX

|  | **Note** | **Insert Current FY** | **1st July 2024** |
| --- | --- | --- | --- |
|  | **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current** **Assets** |  |  |  |
| Cash and Cash equivalents | 17 | xxx | xxx |
| Receivables  | 18 | xxx | xxx |
| Inventories | 19 | xxx | xxx |
| Prepayment | 20 | xxx | xxx |
| **Total Current Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Assets** |  |  |  |
| Property, Plant and Equipment | 20 | xxx | xxx |
| Intangible Assets | 21 | xxx | xxx |
| **Total Non- Current Assets** |  | **xxx** | **xxx** |
| **Total** **Assets (a)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current** **Liabilities** |  |  |  |
| Trade and Other Payables  | 22 | xxx | xxx |
| Third Party Deposits | 23 | xxx | xxx |
| Deferred Income | 24 | xxx | xxx |
| **Total Current Liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Total** **Liabilities (b)** |  | **xxx** | **xxx** |
| **Net Assets (a-b)** |  |  |  |
|  |  |  |  |
| **Represented By:** |  |  |  |
| Accumulated Surplus |  | xxx | xxx |
| **Total Net Assets** |  | **xxx** | **xxx** |

The financial statements were approved on \_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |  |
| --- | --- | --- |
| **…………………………** | **…………………………..** | **……………………………** |
| **Name** | **Name** | **Name** |
| **Principal Secretary/Chief Officer** | **Project Coordinator** | **Project Accountant** |
|  |  | **ICPAK Member No.** |

# Statement of Changes in Net Assets

|  |  |
| --- | --- |
| **Description** | **Accumulated Surplus** |
|  | **Kshs** |
| **As at 30th June 2024 (Cash Basis)** | **xx** |
|  |  |
| Adjustments: (to recognize assets and liabilities) | xx/(xx) |
|  |  |
| **As at 1st July 2024**  | **xxx** |
|  |  |
| Surplus/(Deficit) for the year | xx/(xx) |
|  |  |
| **As at 30th June 2025**  | **xxx** |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on \_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |  |
| --- | --- | --- |
| **…………………………** | **…………………………..** | **………………………** |
| **Name** | **Name** | **Name** |
| **Principal Secretary/Chief Officer** | **Project Coordinator** | **Project Accountant** |
|  |  | **ICPAK Member No.** |

# Statement of Cashflow for the year ended 30th June 20XX

| **Description** | **Note** | **Insert Current FY** |
| --- | --- | --- |
|  |  | **Kshs** |
| **Cashflow from operating activities** |  |  |
| **Receipts**  |  |  |
| Revenue Transfers |  | xxx |
| Miscellaneous Revenue |  | xxx |
| **Total receipts** |  | **xxx** |
|  |  |  |
| **Payments**  |  |  |
| Employee costs |  | xxx |
| Use of goods and services |  | xxx |
| Transfer to other Government Entities |  | xxx |
| Other Transfers/Subsidies/Grants |  | xxx |
| Certified Works |  | xxx |
| **Total payments** |  | **xxx** |
| **Net cash flow from operating activities** | xx | xxx |
|  |  |  |
| **Cashflow from investing activities** |  |  |
| Acquisition of non-financial assets |  | (xxx) |
| Proceeds from sale of Assets |  | xxx |
| Acquisition of Intangible assets |  | (xxx) |
|  |  |  |
| **Net cash flows from investing activities** |  | xxx |
|  |  |  |
| **Cash flow from financing activities** |  |  |
| *Specify the activity* |  | xxx |
| **Net cash flow from financing activities** |  | **xxx** |
| Net increase/Decrease in cash and cash equivalents |  | xxx |
| **Cash and cash equivalent at 1st July 2024** | **xx** | **xxx** |
| **Cash and cash equivalent at end June 2025** | **xx** | **xxx** |

#  Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 20XX

| **Receipts/Payments Item** | **Original Budget** | **Adjustments** | **Final Budget** | **Actual on Comparable Basis** | **Budget Utilization Difference** | **% of Utilization** |
| --- | --- | --- | --- | --- | --- | --- |
|  | **a** | **b** | **c=a+b** | **d** | **e=c-d** | **f=d/c %** |
| **Revenue** | Kshs | Kshs | Kshs | Kshs | Kshs |  |
|  |  |  |  |  |  |  |
| Revenue Transfers | xxx | xxx | xxx | xxx | xxx | xxx |
| Miscellaneous Revenue | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total Revenue** | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| **Payments** | xxx | xxx | xxx | xxx | xxx | xxx |
| Employee costs | xxx | xxx | xxx | xxx | xxx | xxx |
| Use of goods and services | xxx | xxx | xxx | xxx | xxx | xxx |
| Depreciation and amortization expense | xxx | xxx | xxx | xxx | xxx | xxx |
| Transfer to other Government Entities | xxx | xxx | xxx | xxx | xxx | xxx |
| Other Transfers/Subsidies/Grants | xxx | xxx | xxx | xxx | xxx | xxx |
| Certified Works | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total Payments** | xxx | xxx | xxx | xxx | xxx | xxx |
| **Surplus or Deficit** | xxx | xxx | xxx | xxx | xxx | xxx |

Note: The significant budget utilization/performance differences in the last column are explained in Annex 2 to these financial statements.

# Notes to the Financial Statements

1. **General Information**

xxx entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity’s principal activity is xxx.

1. **Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

***Guiding note during the transition period:***

*The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).*

These financial statements were authorized for issue by the accounting officer on xxxx

1. **Adoption of New and Revised Standards**
2. ***New and amended standards and interpretations in issue effective in the year ended 30 June 2025*.**

| **Standard** | **Effective date and impact:** |
| --- | --- |
| IPSAS 43 | ***Applicable 1st January 2025***The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. ***State the expected impact of the standard to the Entity if relevant***  |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | ***Applicable 1st January 2025***The Standard requires,Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: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.***State the expected impact of the standard to the Entity if relevant*** |
| 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.***State the expected impact of the standard to the Entity if relevant*** |
| IPSAS 46 Measurement | ***Applicable 1st January 2025***The objective of this standard was to improve measurement guidance across IPSAS by:1. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.
2. Clarifying transaction costs guidance to enhance consistency across IPSAS;
3. 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.***State the expected impact of the standard to the Entity if relevant*** |

1. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025***

| **Standard** | **Effective date and impact:** |
| --- | --- |
| 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.***State the expected impact of the standard to the Entity if relevant*** |
| 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.***State the expected impact of the standard to the Entity if relevant*** |
| 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.***State the expected impact of the standard to the Entity if relevant*** |

1. ***Early adoption of standards***

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

1. **Summary of Significant Accounting Policies**
2. **Revenue recognition**
3. **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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

1. **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.

1. **Budget information**

The original budget for FY 20XX/20XX was approved by the Council or Board on ***xxx.*** 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 to conclude the final budget. Accordingly, the entity recorded additional appropriations of ***xxx*** on the FY 20XX/20XX budget following the Council/ Board’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 cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page ***xx*** under section ***xxx*** of these financial statements.

1. **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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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.

**Notes to the financial statements**

1. **Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

1. **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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

1. **Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

* The technical feasibility of completing the asset so that the asset will be available for use or sale.
* Its intention to complete and its ability to use or sell the asset.
* How the asset will generate future economic benefits or service potential
* The availability of resources to complete the asset.
* The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**Notes to the financial statements**

1. **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***

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

**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.

**Notes to the financial statements**

**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.*

***Financial liabilities***

***Classification***

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

1. **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.

**Notes to the financial statements**

**Inventories (Continued)**

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*.

1. **Provisions**

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

***Contingent liabilities***

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

***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.

1. **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).*

1. **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.

**Notes to the financial statements**

1. **Employee benefits**

**Retirement benefit plans**

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (*the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies*)

1. **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.

1. **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.

1. **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 Principal and senior managers.

**Notes to the financial statements**

1. **Service concession arrangements**

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than ’whole-of-life’ assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

1. **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.

1. **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

**Notes to the financial statements**

1. **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.

**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

**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

**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).*

**Notes to the financial statements**

1. **Revenue Transfers**

|  |  |
| --- | --- |
| **Description** | **Insert** **Current FY** |
| **KShs** |
| **Unconditional Transfers** |  |
| GoK Counter Part funding | xxx |
| Transfers from Development partners | xxx |
| *Other unconditional transfers (Specify)* | *xxx* |
| **Total Unconditional Transfers (a)** | **xxx** |
|  |  |
| **Conditional** **Transfers** |  |
| Transfers from Development partners 1 | xxx |
| Transfers from Development partner 2 | xxx |
| *Other conditional transfers (specify)* | xxx |
| **Total Conditional Transfers (b)** | **xxx** |
| **Total Transfers for the Year (a + b)** | **xxx** |

*(Explain the purpose of funding)*

1. **Details to Revenue Transfers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name of The Entity Transferring** | **Amount recognized to Statement of Financial performance** | **Amount deferred under deferred income.** | **Amount moved to Capital fund** | **Total transfers (Current FY)** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| GOK Funding | xxx | xxx | xxx | xxx |
| Development Partner 1 | xxx | xxx | xxx | xxx |
| Development Partner 2 | xxx | xxx | xxx | xxx |
| **Subtotal** | xxx | xxx | xxx | xxx |
| Deferred Income realized | xxx |  | xxx | xxx |
| Transfers in Kind | xxx |  |  | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

**Notes to the financial statements**

1. **Miscellaneous revenue**

|  |  |
| --- | --- |
| Description | **FY 2024/25** |
|  | **Kshs** |
| Interest Income | xxx |
| *Others (specify)* | xxx |
| **Total**  | **xxx** |

1. **Employees Costs**

|  |  |
| --- | --- |
| **Description** | **FY 2024/25** |
|  | **Kshs** |
| Basic salaries of permanent employees | xxx |
| Basic wages of temporary employees | xxx |
| Personal allowances paid as part of salary | xxx |
| Personal allowances paid as reimbursements | xxx |
| Personal allowances provided in kind | xxx |
| Pension and other social security contributions | xxx |
| Compulsory national social security schemes | xxx |
| Compulsory national health insurance schemes | xxx |
| Other specify\* | xxx |
| **Total** | xxx |

1. **Use of Goods and Services**

| **De scription** | **FY 2024/25** |
| --- | --- |
| c | **Kshs** |
| Utilities, supplies and services | xxx |
| Bank charges |  |
| Communication, supplies and services | xxx |
| Domestic travel and subsistence | xxx |
| Foreign travel and subsistence | xxx |
| Fuel and lubricants | xxx |
| General office supplies | xxx |
| Stationery, Printing, advertising, and information supplies | xxx |
| Office rent | xxx |
| Training payments | xxx |
| Hospitality supplies and services | xxx |
| Insurance costs | xxx |
| Specialized materials and services | xxx |
| Other operating payments(specify) | xxx |
| Routine maintenance – vehicles and other transport equipment | xxx |
| Routine maintenance- other assets | xxx |
| **Total** | xxx |

**Notes to the financial statements**

1. **Depreciation and Amortization expense**

|  |  |
| --- | --- |
| **Description** | **FY 2024/25** |
|  | **Kshs** |
| Property, Plant and Equipment | xxx |
| Intangible Assets | xxx |
| **Total** | xxx |

1. **Transfer to Other Government Entities**

|  |  |
| --- | --- |
| **Description** | **FY 20xx/xx** |
|  | **Kshs** |
| Ministry ABC | xxx |
| Project XYZ | xxx |
| Department xxx | xxx |
| County xxx | xxx |
| **Total** | xxx |

1. **Other Transfers/Subsidies/Grants**

|  |  |
| --- | --- |
| **Description** | **FY 20xx/xx** |
|  | **Kshs** |
| Transfers to Non-Government Organizations | **xx** |
| Subsidies | xxx |
| *Others Specify* | xxx |
| **Total** | xxx |

1. **Certified Works**

|  |  |
| --- | --- |
| **Description** | **FY 20xx/xx** |
|  | **Kshs** |
| Road Works | xxx |
| Water Works | xxx |
| Energy Infrastructure | xxx |
| *Others Specify* | *xxx* |
| **Total**  | **xxx** |

**Notes to the financial statements**

1. **Gain/Loss on Sale of Assets**

|  |  |
| --- | --- |
| **Description** | **FY 20xx/xx** |
| **Kshs** |
| Property, plant and equipment | xxx |
| Intangible assets | xxx |
| Other assets not capitalised | xxx |
| **Total** **gain/loss** **on** **sale** **of** **assets** | **xxx/(xxx)** |

*Provide brief explanation on gains on sale of fixed assets*)

1. **Gain/Loss on foreign exchange transactions**

|  |  |
| --- | --- |
| **Description** | **FY 20xx/xx** |
| **Kshs** |
| Gain on foreign exchange transactions | xxx |
| Loss on foreign exchange transactions | (xxx) |
| **Total** **Gain/Loss** | **xxx** |

1. **Impairment Loss**

|  |  |
| --- | --- |
| **Description** | **FY 20xx/xx** |
| **Kshs** |
| Property, Plant and Equipment | xxx |
| Intangible Assets | xxx |
| *Others specify* | xxx |
| **Total** **Impairment** **Loss** | **xxx** |

1. **Cash and Cash Equivalents**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **1st July** |
| **Kshs** | **Kshs** |
| Cash in Bank | xxx | xxx |
| Cash on hand | xxx | xxx |
| *Others (Specify)* | xxx | xxx |
| **Total** **Cash** **and** **Cash** **Equivalents** | **xxx** | **xxx** |

**Notes to the financial statements**

**Project Bank Accounts**

|  |  |  |
| --- | --- | --- |
| **Details** | **Insert Current FY** | **1st July 2024** |
|  | **Kshs** | **Kshs** |
| **Foreign Currency Accounts** |  |  |
| Central Bank of Kenya [A/c No……] | xxx | xxx |
| Kenya Commercial Bank [A/c No……] | xxx | xxx |
| Co-operative Bank of Kenya [A/c No……] | xxx | xxx |
| Others (*specify)* | xxx | xxx |
| Total Foreign Currency balances | xxx | xxx |
| **Local Currency Accounts** |  |  |
| Central Bank of Kenya [A/c No……] | xxx | xxx |
| Kenya Commercial Bank [A/c No……] | xxx | xxx |
| Co-operative Bank of Kenya [A/c No……] | xxx | xxx |
| Others (*specify)* | xxx | xxx |
| Total local currency balances | xxx | xxx |
| **Total bank account balances** | **xxx** | **xxx** |

**Notes to the Financial Statements (Continued)**

1. **Receivables**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **1st July 2024** |
| **Kshs** | **Kshs** |
| Counter Part Funding | xxx | xxx |
| Contractor’s Advance payments | xxx | xxx |
| *Other Receivables (specify)* | xxx | xxx |
| **Total Receivables** | **xxx** | **xxx** |

*(Provide brief explanation on current receivables*)

**Ageing analysis for Receivables**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **1st July 2024** |
| **Kshs** | **Kshs** |
|  | **Current FY** | **% of the total** | **Comparative** **FY** | **% of the total** |
| Less than 1 year | xxx | % | xxx | % |
| Between 1- 2 years | xxx | % | xxx | % |
| Between 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total (a+b)** | **xxx** | **%** | **xxx** | **%** |

1. **Inventories**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current****FY** | **1st July 2024** |
| **Kshs** | **Kshs** |
| Consumable stores | xxx | xxx |
| Construction stores | xxx | xxx |
| *Others consumables (specify)* | xxx | xxx |
| Less: allowance for impairment | (xxx) | (xxx) |
| **Total** **inventories**  | **xxx** | **xxx** |

*(Provide brief explanation on inventories*)

1. **Prepayments**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current****FY** | **1st July 2024** |
| **Kshs** | **Kshs** |
| Insurance | xxx | xxx |
| Rent  | xxx | xxx |
| *Others specify* | xxx | xxx |
| **Total** **inventories**  | **xxx** | **xxx** |

**Notes to the financial statements**

1. **Property, Plant and Equipment**

| **Cost** | **Motor vehicles** | **Furniture and fittings** | **ICT****Equipment** | **Other Assets****(specify)** | **Capital****Work in progress** | **Total** |
| --- | --- | --- | --- | --- | --- | --- |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Depreciation rate** | **X%** | **X%** | **X%** | **X%** |  |  |
| **As At 1July 2024 (opening balances)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | **-** | **xxx** | **xxx** | **xxx** |
| Disposals | (xxx) | **-** | **-** | (xxx) | (xxx) | **(xxx)** |
| Transfers/Adjustments | (xxx) | **xxx** | (xxx) | (xxx) | **xxx** | **(xxx)** |
| **As at 30th June 2025** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |
| **Depreciation And Impairment** |  |  |  |  |  |  |
| **As at 1July 2025** | **(xxx)** | **(xxx)** | **(xxx)** | **(xxx)** |  | **(xxx)** |
| Depreciation charge for the year | (xxx) | (xxx) | (xxx) | (xxx) |  | **(xxx)** |
| Impairment loss | (xx) | (xx) | (xx) | (xxx) |  | **(xxx)** |
| Transfers/ Adjustments | (xxx) | xxx | (xxx) | (xxx) |  | **(xxx)** |
| **As At** **30th June 2025** | **xxx** | **xxx** | **xxx** | **(xxx)** |  | **xxx** |
|  |  |  |  |  |  |  |
| **Net Book Values** |  |  |  |  |  |  |
| **As at 1st July 2024** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30th June 2025** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**Notes to the financial statements**

1. **Intangible Assets**

|  |  |
| --- | --- |
| **Description** | **1st July 2024** |
| **Kshs** |
| **Cost** |  |
| **As at 1st July 2024** | xxx |
| Additions | xxx |
|  |  |
| **As At 30th June 2025** | **xxx** |
|  |  |
| **Amortization and impairment** |  |
| **As at 1st July 2024** | **xxx** |
| Amortization | xxx |
| Impairment loss | xxx |
| **As At 30th June 2025** | **xxx** |
|  |  |
| **NBV as at 1st July 2024** | xxx |
| **NBV as at 30th June 2025** | xxx |

1. **Trade and Other Payables**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **1st July 2024** |
| **Kshs** | **Kshs** |
| Trade payables | xxx | xxx |
| Employee payables | xxx | xxx |
| *Other payables (specify)* | xxx | xxx |
| **Total** **trade** **and** **other** **payables** | **xxx** | **xxx** |
|  |  |  |
| **Ageing analysis: (Trade and other payables)** | **Current FY** | **% of the Total** | **Comparative****FY** | **% of the Total** |
| Under one year | xxx | % | xxx | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total (tie to above total)** | **xxx** |  | **xxx** |  |

*(Provide brief explanation*)

**Notes to the financial statements**

1. **Third-Party Deposits**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **1st July 2024** |
| **Kshs** | **Kshs** |
| Contractor’s Retention | xxx | xxx |
| Gratuity  | xxx | xxx |
| *Other deposits (specify)* | xxx | xxx |
| **Total** **deposits** | **xxx** | **xxx** |
|  |  |  |
| **Ageing analysis: (Refundable deposits)** | **Current FY** | **% of the Total** | **Comparative****FY** | **% of the Total** |
| **Under one year** | **xxx** | % | **xxx** | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total** | **xxx** |  | **xxx** |  |

*(Provide brief explanation*)

1. **Deferred Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **1st July 2024** |
| **Kshs** | **Kshs** |
| Development partner 1 | xxx | xxx |
| Development partner 2 | xxx | xxx |
| *Others specify* | xxx | xxx |
| **Total** **Deferred** **Income** | xxx | xxx |

*(Provide brief explanation*)

**Deferred Income Movement Schedule**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | **Development Partner 1** | **Development Partner 2** | **Others specify** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Balance as at 1st July 2024 | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx |
| Transfers To Performance Statement as Revenue | (xxx) | (xxx) | (xxx) | (xxx) |
| Balance as at 30th June 2025 | **xxx** | **xxx** | **xxx** | **xxx** |

**Notes to the financial statements**

1. **Cash Generated from Operations**

| **Description** | **Insert Current FY** |
| --- | --- |
| **Kshs** |
| **Surplus/Deficit for the year**  | **xxx** |
| **Adjusted for:** |  |
| Depreciation | xxx |
| Non-cash grants received | (xxx) |
| Impairment | xxx |
| Gains and losses on disposal of assets | xxx(xxx) |
| **Working capital adjustments** |  |
| Increase in inventory | (xxx) |
| Increase in receivables | (xxx) |
| Increase in deferred income | xxx |
| Increase in payables | xxx |
| Increase in payments received in advance | xxx |
| **Net cash flow from operating activities** | **xxx** |

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

1. **Special Deposit Accounts**

The balances in the Project’s Special Deposit Account(s) as of 30th June 20XX are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

**Notes to the financial statements**

**Special Deposit Accounts Movement Schedule**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **1st July 2024** |
|  | **Kshs** | **Kshs** |
| **(i)     A/C Name [A/c No……]** |  |  |
| Opening balance  | xxx | xxx |
| Total amount deposited in the account | xxx | xxx |
| Total amount withdrawn  | xxx | xxx |
| **Closing balance (*as per SDA bank account reconciliation attached*)** | **xxx** | **xxx** |
| **(ii)   A/c Name [A/c No……]** |  |  |
| Opening balance (as per the SDA reconciliation) | xxx | xxx |
| Total amount deposited in the account | xxx | xxx |
| Total amount withdrawn  | xxx | xxx |
| **Closing balance (as per SDA bank account reconciliation attached)** | **xxx** | **xxx** |

*(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix xx support these closing balance.*

1. **Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Entity* 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.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity’s* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

**Notes to the financial statements**

**Other related parties include:**

1. The Parent Ministry.
2. County Governments
3. Other SCs and SAGAs
4. Key management.
5. Board of Directors.

| **Description** | **Insert Current FY** |
| --- | --- |
| **Kshs** |
| **Transactions with related parties** |  |
| 1. **Sales to related parties**
 |  |
| Sales of electricity to govt agencies | xxx |
| Rent income from govt. Agencies | xxx |
| Others (specify) e.g. interest and bank charges | xxx |
| **Total** | **xxx** |
| **B) purchases from related parties** |  |
| Purchases of electricity from KPLC | xxx |
| Purchase of water from govt service providers | xxx |
| Rent expenses paid to govt agencies | xxx |
| Others (specify) | xxx |
| **Total** | **xxx** |
| 1. **Grants /transfers from the government**
 |  |
| Grants from national govt | xxx |
| Grants from county government | xxx |
| Donations in kind | xxx |
| **Total** | **xxx** |
| 1. **Expenses incurred on behalf of related party**
 |  |
| Payments of salaries and wages for xxx employees | xxx |
| Payments for goods and services for xxx | xxx |
| **Total** |  |
| 1. **Key management compensation**
 |  |
| Directors’ emoluments | xxx |
| Compensation to key management | xxx |
| **Total** | **xxx** |

**Notes to the financial statements**

1. **Events after the Reporting Period**

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

1. **Ultimate And Holding Entity**

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

1. **Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

# 13. Annexes

**Annex 1: Prior Year Auditor-General’s Recommendations**

| **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)*** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

***Guidance Notes:***

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

|  |  |
| --- | --- |
| **…………………………** | **……………………………** |
| **Name** | **Name** |
| **Principal Secretary/****Chief Officer** | **Project Coordinator** |
|  |  |

**Annex 2: Reconciliation of inter-entity transfers**

|  |  |  |
| --- | --- | --- |
|   | **Project Name:** |   |
|   | **Break down of transfers from the State Department of XXX** |
| **a.** | **Government Counterpart funding** |   |   |   |
|   |   | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
|   |   |  | xx |  |
|   |   |  | xx |  |
|   |   | **Total** | **xx** |  |
| **B.** | **Direct payments** |  |  |  |
|   |   | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
|   |   |  | xx |  |
|   |   | **Total** | **xx** |  |
| **C.** | **Others** |  |  |  |
|   |   | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
|   |   |   | xx |   |
|   |   |   | xx |   |
|   |   | **Total** | **xx** |   |
|  |  | **Total (A+B+C)** | **xx** |  |

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator Head of Accounting Unit

XXX entity xxx Ministry/County Department

Sign --------------- Sign--------------

**Annex 3: Other Support Documents**

1. Signed confirmations from beneficiaries in Transfers to Other Government Entities
2. Bank Reconciliations statement as at 30th June 20XX
3. Board of Survey Report
4. Special Deposit Account(s) reconciliation statement(s)