***Issued on 30th September 2024***

|  |  |  |
| --- | --- | --- |
|  |  | *(Add the MDA Logo if applicable)* |

*(Indicate the name of the MDA)*

QUARTERLY REPORT AND FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED SEPTEMBER/DECEMBER/MARCH/JUNE, 20XX**

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

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# Acronyms and Definition of Key Terms

**A: Acronyms**

*CS Cabinet Secretary*

*PS Principal Secretary*

*CBK Central Bank of Kenya*

*ICPAK Institute of Certified Public Accountants of Kenya*

*IPSAS International Public Sector Accounting Standards*

*OCOB Office of the Controller of Budget*

*OAG Office of the Auditor General*

*OSHA Occupational Safety and Health Act of 2007*

*PFM Public Finance Management*

*PPE Property Plant & Equipment*

*PSASB Public Sector Accounting Standards Board*

*SAGAs Semi-Autonomous Government Agencies*

*SC State Corporations*

*TNT The National Treasury*

*WB World Bank*

**B: Definition of Key Terms**

**Fiduciary Management**- Members of Management are directly entrusted with the responsibility of the financial resources of the organisation.

*(This list is an indication of the common acronyms the MDA should include from the quarterly report and financial statements prepared)*

# Key MDA Information and Management

1. **Background information**

The *MDA* was established under the xxx (insert the establishing instrument such as the Constitution and or Act of Parliament and the Executive order.) The *MDA* is domiciled in Kenya and has branches/offices in xxx, xxx (list them).

1. **Mandate**

*(MDA to indicate its mandate/principal activities and their vision, mission and core values).*

1. **Key Management**

The *MDA’s* day-to-day management is under the following key organs/Offices/ Directorates/Divisions

* *Cabinet Secretary/Commissioners/Speaker/CJ*
* *Principal Secretary/Accounting Officer*
* *Directorates*
* *Divisions*

*(MDA to list the key organs without providing names of the office holders)*

1. **Fiduciary Management**

The key management personnel who held office during the period ended xx, 20XX and who had direct fiduciary responsibility were:

| **No** | **Designation** | **Name** | **Date of Appointment** |
| --- | --- | --- | --- |
| 1 | Accounting Officer |  |  |
| 2 | Xx |  |  |
| 3 | Xx |  |  |
| 4. | Xx |  |  |
| 5. | Xx |  |  |

*(Where there have been changes in management, the MDA to indicate so and the period for which the officer served)*

1. **Fiduciary Oversight Arrangements**

 *Provide a high-level description of the key fiduciary oversight arrangements covering (e.g.):*

* *Audit Committee*
* *Public Finance Management Committee*
* *Senior Management Committees*
* *Budget Implementation Committee*
* *Parliamentary Committees*
* *Others (specify)*
1. **MDA Headquarters**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

Nairobi, Kenya

1. **MDA Contacts**

Telephone: (254) XXXXXXXX

E-mail: xxxx@xxx.com

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

1. **MDA Bankers**
2. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**Nairobi, Kenya**

1. **Other Banks** *(state other bankers as appropriate)*
2. **Independent Auditors**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# Profile of Cabinet Secretary/Commissioners/Speaker/Chief Justice

|  |
| --- |
|  |
| Insert a passport-size photo, name, key professional/academic qualifications, and work experience for each person |

*(This section applies to Entities that have a governing body above the accounting officer)*

# Profile of Accounting Officer and Key Management.

|  |
| --- |
| **Accounting Officer and Key Management** |
| *Passport size photo, Name, Key Academic/Professional qualifications, designation and area of responsibility* |

# Management Discussion and Analysis

**(**Two-three pages)

*Under this section, the management gives a report on the operational and financial performance of the organisation for the last three/five years as per the guidance below.*

* *MDA’s key Programs/projects or investment decisions implemented or ongoing,*
* *MDA’s compliance with statutory requirements.*
* *Major risks facing the organisation.*
* *Material arrears in statutory and other financial obligations.*
* *Review of the economy and sector.*
* *Future developments*
* *Any other information considered relevant to the users of the financial statements.*

*(The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible.)*

# Statement of Management Responsibilities

Section 83 of the Public Finance Management Act, 2012 requires the Accounting Officer to prepare quarterly financial statements in respect of that *MDA*, which give a true and fair view of the state of affairs of the *MDA* at the end of the financial period and the operating results of the *MDA* for that period. The Accounting Officer is also required to ensure that the *MDA* keeps proper accounting records that disclose with reasonable accuracy the financial position of the *MDA*. The Accounting Officer is also responsible for safeguarding the assets of the *MDA*.

The Accounting Officer is responsible for preparing and presenting the MDA’s financial statements, which give a true and fair view of the state of affairs of the MDA for and at the end of the financial period ended on xxxxx. 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 MDA; (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 *MDA*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer is responsible for the *MDA’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 by the PFM Act, 2012 and (*the* *entities should quote applicable legislation as indicated under which they are established)*. The Accounting Officer believes that the *MDA’s* financial statements give a true and fair view of the state of the *MDA’s* transactions during the financial period, and of the *MDA’s* financial position as of that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the *MDA*, which have been relied upon in the preparation of the *MDA’s* financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Accounting Officer to indicate that the *MDA* 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 *MDA’s* financial statements were approved by the Management on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20xx and signed on its behalf by:

|  |  |
| --- | --- |
| **Name:** | **Name:** |
| **Signature:** | **Signature:** |
| **Chairperson of Commission.** | **Accounting Officer.** |

*(Entities with no Chairperson should omit the Chairperson’s signature. For the Commissions, this statement is to be signed by the Chairman in addition to the Accounting Officer and Head of Finance. MDA’s to maintain the signature of the Accounting Officer only )*

# Statement of Financial Performance for the period ended Sept/Dec/March/June,20xx

|  | **Notes** | ***Period Ended Sep\*/Dec\*/Mar\*/Jun\* 20xx*** |
| --- | --- | --- |
|  |  | **Kshs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |
| Transfers from exchequer | 5 | xxx |
| Transfers from other government entities | 6 | xxx |
| Transfers from domestic and foreign partners | 7 | xx |
| Levies, fines, penalties, and forfeitures | 8 | xxx |
| Reimbursement and refunds | 9 | xxx |
| **Total** |  | **xxx** |
|  |  |  |
| **Revenue** **from** **exchange** **transactions** |  |  |
| Licenses, Fees and Permits | 10 | xxx |
| Rendering of services | 11 | xxx |
| Rental revenue from facilities and equipment | 12 | xxx |
| Finance income  | 13 | xxx |
| Miscellaneous income | 14 | xxx |
| **Total** **revenue** |  | **xxx** |
|  |  |  |
| **Expenses** |  |  |
| Employee costs | 15 | xxx |
| Use of goods and services | 16 | xxx |
| Transfers to other government entities | 17 | xxx |
| Commissioners expenses | 18 | xxx |
| Depreciation and amortization expense | 19 | xxx |
| Other Grants and Subsidies | 20 | xxx |
| Finance costs | 21 | xxx |
| Social benefits | 22 | xxx |
| **Total** **expenses** |  | **xxx** |
| **Other** **gains/(losses)** |  |  |
| Gain/(loss) on sale of assets | 23 | xxx/(xxx) |
| Gain/loss on foreign exchange transactions | 24 | xxx |
| Gain/loss on fair value of investments | 25 | xxx |
| Impairment loss | 26 | (xxx) |
| **Surplus/Deficit for the year** |  | **xxx** |
| Taxation | 27 | (xxx) |
| **Net Surplus/Deficit** |  | **xxx** |

The Financial Statements set out on pages xxx to xxx were signed by:

|  |  |  |
| --- | --- | --- |
| **………………………………** |  | **………………………………** |
| **Name** |  | **Name** |
| **Accounting Officer***(Indicate the actual name of the MDA* |  | **Head of Accounting Unit/Head of Finance** |
|  |  | **ICPAK M/No………….** |

Notes:

*Sep\* -This relates to transactions undertaken from 1st July to 30th September.*

*Dec\* - This relates to transactions undertaken from 1st July to 31st December.*

*March\*- This relates to transactions undertaken from 1st July to 31st March.*

*June\* - This relates to transactions undertaken from 1st July to 30th June.*

# *( paragraph 79 of IPSAS 33 allows for the election by an MDA 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 postion asat the time of adoption of the accrual basis of accounting. In preparing these financial reporting template, this election has been made and therefore there are no comparatives in the first year of transition.)*

# Statement of Financial Position as at Sept/Dec/March/June,20xx

|  | **Notes** | ***Period as at Sep\*/ Dec\*/ Mar\*/ Jun\* 20XX*** | ***Opening Statement******1st July 20XX*** |
| --- | --- | --- | --- |
|  |  | **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current** **Assets** |  |  |  |
| Cash and cash equivalents | 28 | xxx | xxx |
| Receivables from exchange transactions | 29(a) | xxx | xxx |
| Receivables from non-exchange transactions | 30 | xxx | xxx |
| Inventories | 31 | xxx | xxx |
| Investments | 32 | xxx | xxx |
| **Total Current Assets** |  | **xxx** | **xxx** |
| **Non-Current** **Assets** |  |  |  |
| Receivables from exchange transactions |  29(b) | xxx | xxx |
| Investments | 32 | xxx | xxx |
| Property, plant, and equipment | 33 | xxx | xxx |
| Right of use assets | 34 | xxx | xxx |
| Intangible assets  | 35 | xxx | xxx |
| Investment property | 36 | xxx | xxx |
| Biological assets | 37 | xxx | xxx |
| Tangible natural resources | 38 | xxx | xxx |
| **Total Non-Current Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Total** **Assets (A)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current** **Liabilities** |  |  |  |
| Trade and other payables  | 39 | xxx | xxx |
| Refundable deposits  | 40 | xxx | xxx |
| Current provision | 41 | xxx | xxx |
| Current lease liabilities | 42 | xxx | xxx |
| Deferred income | 43 | xxx | xxx |
| Employee benefit obligation | 44 | xxx | xxx |
| Current portion of borrowings | 45 | xxx | xxx |
| Social benefit liability | 46 | xxx | xxx |
| **Total Current Liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Liabilities** |  |  |  |
| Non-current provisions | 41 | xxx | xxx |
| Non-current lease liability | 42 | xxx | xxx |
| Deferred income | 43 | xxx | xxx |
| Employee benefit obligation | 44 | xxx | xxx |
| Borrowings – non-current portion | 45 | xxx | xxx |
| Social benefit liability | 46 | xxx | xxx |
| Service concession liability | 47 | xxx | xxx |
| **Total Non-Current Liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Total** **Liabilities (B)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Net** **Assets (A-B)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Represented By:** |  |  |  |
| Reserves |  | xxx | xxx |
| Accumulated surplus |  | xxx | xxx |
| Capital Fund |  | xxx | xxx |
| **Net Assets** |  | **xxx** | **xxx** |

The financial statements set out on pages xxx to xxx were signed by:

|  |  |  |
| --- | --- | --- |
| **………………………………** |  | **………………………………** |
| **Name** |  | **Name** |
| **Accounting Officer** |  | **Head of Accounting Unit** |
|  |  | **ICPAK M/No………….** |

*Entities having a Chair of the Board/Commission should have the Chairperson as the 3rd Signatory*

# Statement of Changes in Net Assets for the period ended Sept/Dec/March/June, 20xx

| **Description** | **Accumulated Surplus** | **Reserves** | **Capital Fund** | **Total** |
| --- | --- | --- | --- | --- |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June 2024 (cash basis)** | **xx** | **-** | **-** | **-** |
| Adjustments: (to recognize assets and liabilities) | xx/(xx) |  |  | xx |
| **As at July 1, 20xx** | **xx** | **xx** | **xx** | **xx** |
| Surplus/ deficit for the period | xx |  |  | xx |
| Returns to exchequer | (xx) |  |  | (xx) |
| Additions to reserves |  | xx | xx | xx |
| Other changes (specify) |  | xx | xx | xx |
| **As at xx Sep/Dec/Mar/Jun, 20xx** | **xx** | **xx** | **xx** | **xx** |

Note:

Explain the changes in net assets

*Note:*

1. *For items that are not common in the financial statements, the MDA should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior period adjustment should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.*
3. *Entities have the liberty to add additional reserves as appropriate. For all reserves presented provide the nature and purpose.*

# Statement of Cash Flows for the period ended Sept/Dec/March/June,20xx

|  |  | ***Period Ended Sep\* /Dec\*/ Mar\*/ Jun\* 20xx*** |
| --- | --- | --- |
|  | **Notes** | **Kshs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |
| **Receipts** |  |  |
| Transfers from exchequer |  | xxx |
| Transfers from other government entities |  | xxx |
| Levies, fines, penalties and forfeitures |  | xxx |
| Licenses, fees, and permits |  | xxx |
| Rendering of services |  | xxx |
| Rental revenue from facilities and equipment |  | xxx |
| Finance income  |  | xxx |
| Other income |  | xxx |
| **Total receipts** |  | **xxx** |
| **Payments** |  |  |
| Employee costs |  | xxx |
| Use of goods and services |  | xxx |
| Transfers to other government entities |  | xxx |
| Commissioners expenses |  | xxx |
| Other Grants and Subsidies |  | xxx |
| Social benefits |  | xxx |
| **Total payments** |  | **xxx** |
| **Net** **cash** **flows** **from/(used in)** **operating** **activities**  | 48 | **xxx** |
|  |  |  |
| **Cash flows from investing activities** |  |  |
| Purchase of PPE |  | (xxx) |
| Purchase of iintangible assets |  | xxx |
| Proceeds from the sale of PPE  |  | xxx |
| Proceeds from the sale of biological assets |  | xxx |
| Purchase of investments |  | (xxx) |
| Sale of investments |  | xxx |
| **Net** **cash** **flows from/(used** **in)** **investing** **activities** |  | **xxx** |
|  |  |  |
| **Cash** **flows** **from** **financing** **activities** |  |  |
| Return to exchequer |  | (xxx) |
| Proceeds from borrowings |  | xxx |
| Repayment of borrowings |  | (xxx) |
| **Net cash flows from financing activities** |  | **xxx** |
|  |  |  |
| **Net** **increase/(decrease)** **in** **cash** &**Cash equivalents** |  | **xxx** |
| Cash and cash equivalents at the start of the period | 28 | xxx |
| **Cash** **and** **cash** **equivalents** **at the end of the period** | 28 | **xxx** |

*(PSASB has prescribed the use of the direct method for cashflow preparation)*

# Statement of Comparison of Budget & Actual amounts for period ended xx Sep/Dec/Mar/Jun, 20xx

**Recurrent and Development Combined**

| **Description** | **Original budget** | **Adjustments** | **Final budget** | **Actual on a comparable basis** | **Budget utilization difference** | **% of utilization** |
| --- | --- | --- | --- | --- | --- | --- |
|  | **A** | **B** | **C=a+b** | **D** | **E=c-d** | **F=d/c %** |
| **Revenue** |  |  |  |  |  |  |
| Transfers from exchequer | xxx | xxx | xxx | xxx | xxx | xxx |
| Transfers from other government entities | xxx | xxx | xxx | xxx | xxx | xxx |
| Levies, fines, penalties and forfeitures | xxx | xxx | xxx | xxx | xxx | xxx |
| Licenses, fees, and permits | xxx | xxx | xxx | xxx | xxx | xxx |
| Rendering of services | xxx | xxx | xxx | xxx | xxx | xxx |
| Rental revenue from facilities and equipment | xxx | xxx | xxx | xxx | xxx | xxx |
| Finance income  | xxx | xxx | xxx | xxx | xxx | xxx |
| Other income | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total revenue** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |  |
| Employees costs | xxx | xxx | xxx | xxx | xxx | xxx |
| Use of goods and services | xxx | xxx | xxx | xxx | xxx | xxx |
| Transfers to other government units | xxx | xxx | xxx | xxx | xxx | xxx |
| Commissioners expenses | xxx | xxx | xxx | xxx | xxx | xxx |
| Other grants and transfers | xxx | xxx | xxx | xxx | xxx | xxx |
| Social benefits  | xxx | xxx | xxx | xxx | xxx | xxx |
| Other payments | xxx | xxx | xxx | xxx | xxx | xxx |
| Total recurrent expenses | xxx | xxx | xxx | xxx | xxx | xxx |
| **Capital items** |  |  |  |  |  |  |
| Acquisition of PPE | xxx | xxx | xxx | xxx | xxx | xxx |
| Acquisition of intangible assets | xxx | xxx | xxx | xxx | xxx | xxx |
| Purchase of investments | xxx | xxx | xxx | xxx | xxx | xxx |
| Repayment of borrowings | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total expenses - Development** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Total expenses** | **xxx** | **xxx** | **xxx** |  **xxx** | **xxx** | **xxx** |
| **Surplus/ deficit** | **xxx** | **xxx** | **xxx** |  **xxx** | **xxx** | **xxx** |

**Reconciliation table**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Operating** | **Financing** | **Investing** | **total** |
| Actual amounts on comparable basis presented in the budget and actual comparative statement | xx | xx | xx | xx |
| Basis difference | xx | xx | xx | Xx |
| Timing differences | xx | xx | xx | xx |
| MDA differences | xx | xx | xx | xx |
| Classification differences | xx | xx | xx | xx |
| Actual in the statement of cashflows | xx | xx | xx | xx |

***Budget Notes***

*1. Provide explanation of differences between actual and budgeted amounts for significant under/ overutilisations IPSAS 24.14*

*2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

*3. Where the total of actual on comparable basis does not tie to the statement of cashflows due to differences in accounting basis, classification, entitiy and timing differences provide a reconciliation.*

# Notes to the financial statements

1. **Establishment**

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

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

**Statement of compliance**

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

For the purpose of these financial statements, the *Ministry/Department/Agency* has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on xxx.

*Guiding note during the transition period:*

*The financial statements have been prepared in accordance with the Public Finance Management Act, and International Public Sector Accounting Standards (IPSAS) or the MDA 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 xxxx*** *of the financial statements have not been recognised as the MDA has taken advantage of the transition provisions outlined in IPSAS 33. (MDA to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).*

**Notes to the financial statements**

**Reporting period**

The reporting period for these financial statements is for the period ended xxxx.

**Basis of preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

**Critical accounting judgements**

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of *MDA* for an outflow of resources that results from a past event.Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgement is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The *MDA* pursues a number of policy targets and outcomes. However the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the *MDA* is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *MDA* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *MDAs* future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya’s current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO2eq. MDAs commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the MDA as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

1. **Summary of Significant Accounting Policies**
2. **Revenue recognition**
3. **Revenue from non-exchange transactions**

**Fees, taxes, and fines**

The MDA recognizes revenues from fees, taxes, and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the MDA and the fair value of the asset can be measured reliably.

**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 MDA and can be measured reliably. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

**ii) Revenue from exchange transactions**

**Rendering of services**

The MDA recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**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.

**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.

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

**Summary of Significant Accounting Policies (Continued)**

1. **Budget information**

The original budget for FY 20xx/xx was approved by the National Assembly on *xxxx*. 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 MDA upon receiving the respective approvals to conclude the final budget. Accordingly, the MDA recorded additional appropriations of *xxxx* on the 20xx/xx budget following the governing body’s approval. The MDA’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 an 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. 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 cashflows has been presented under section *xxx* of these financial statements.

1. **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. 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. Transfers are made to or from investment property only when there is a change in use.

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

**Summary of Significant Accounting Policies (Continued**

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 of the items. When significant parts of property, plant, and equipment are required to be replaced at intervals, the MDA 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.

1. **Right of use asset**

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the MDA incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the MDA expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

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

**Summary of Significant Accounting Policies (Continued)**

1. **Tangible Natural Resources**

The MDA recognises a tangible natural resource if, and only if: It is probable that service potential associated with the natural resource will flow to the MDA; the MDA controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where these criteria are not met, the MDA discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An MDA shall apply IPSAS 46, Measurement when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. The historical cost model is applied after initial recognition less any depreciation and impairment losses.

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.

1. **Research and development costs**

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

1. The technical feasibility of completing the asset so that the asset will be available for use or sale
2. Its intention to complete and its ability to use or sell the asset
3. How the asset will generate future economic benefits or service potential
4. The availability of resources to complete the asset
5. The ability to reliably measure 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 (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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 MDA 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 MDA and a financial liability or equity instrument of another MDA. At initial recognition, the MDA 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.

1. **Financial assets**

**Classification of financial assets**

The MDA classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity, or fair value through surplus and deficit based on both the MDA’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 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 MDA 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 MDA 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.

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

**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 the 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.

**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.

**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 MDA manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

**Impairment**

The MDA 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 MDA 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.*

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

**Summary of Significant Accounting Policies (Continued)**

1. **Financial liabilities**

**Classification**

The MDA 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 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:

1. Raw materials: purchase cost using the weighted average cost method.
2. 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 *MDA.*

1. **Provisions**

Provisions are recognized when the MDA 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 MDA 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.

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

**Summary of Significant Accounting Policies (Continued)**

1. **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 needs of society as a whole. The MDA recognises a social benefit as an expense for the social benefits 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 MDA will incur in fulfilling the present obligations represented by the liability.

1. **Contingent liabilities**

The MDA 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.

1. **Contingent assets**

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

1. **Changes in accounting policies and estimates**

The MDA 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 (Continued)**

**Summary of Significant Accounting Policies (Continued)**

1. **Employee benefits**

**Retirement benefit plans**

The *MDA* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an MDA pays fixed contributions into a separate MDA (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 a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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 on 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 the construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

1. **Related parties**

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

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

**Summary of Significant Accounting Policies (Continued)**

1. **Service concession arrangements**

The *MDA* 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 *MDA* 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 *MDA* 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 the 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. **Biological Assets**

All biological assets (including those acquired biological assets through a non-exchange transaction) are measured at fair value less costs to sell unless fair value cannot be measured reliably. Agricultural produce is measured at fair value at the point of harvest less costs to sell. Any change in the fair value of biological assets during a period is reported in surplus or deficit.

1. **Comparatives**

In preparing these financial statements the MDA has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an MDA 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 as at the time of first-time adoption of the accrual basis of accounting.

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

**Summary of Significant Accounting Policies (Continued)**

1. **Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the MDA'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:

**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 MDA 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 MDA. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual value**

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

1. The condition of the asset based on the assessment of experts employed by the MDA.
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
3. The nature of the processes in which the asset is deployed.
4. Availability of funding to replace the asset.
5. 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 40.

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 to your organisation e.g. provisions for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

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

1. **Transfers from the Exchequer**

|  |  |  |  |
| --- | --- | --- | --- |
| **Nature of transfer** | **Amount recognized to Statement of Financial performance** | **Amount deferred under deferred income** | **Total transfers****Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
| **Kshs** | **Kshs** | **Kshs** |
| Recurrent | xxx | xxx | xxx |
| Development | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** |

|  |  |
| --- | --- |
| ***Description*** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
| **Kshs** |
| Recurrent | xxx |
| Development | xxx |
| **Total** | **xxx** |

1. **Transfers from Other Government entities**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name Of The MDA Sending The Grant/Transfer** | **Amount recognized to Statement of Financial performance** | **Amount deferred under deferred income** | **Total transfers****Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
| **Kshs** | **Kshs** | **Kshs** |
| Ministry/State Department | xxx | xxx | xxx |
|  xx Ministry | xxx | xxx | xxx |
| xx other MDA | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** |

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

1. **Transfers from Domestic and Foreign Partners**

| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
| --- | --- |
|  | **Kshs** |
| Grants in cash from Bilateral donors | xxx |
| Grants in cash from Multilateral donors | xxx |
| Grants in kind from Bilateral donors | xxx |
| Grants in kind from Multilateral donors | xxx |
| Direct payments | xxx |
| Other Public donations (Specify) | xxx |
| **Total**  | **xxx** |

***7a Details on Transfers from domestic and foreign partners***

|  |  |  |  |
| --- | --- | --- | --- |
| **Name Of The MDA Sending The Grant/Transfer** | **Amount recognized to Statement of Financial performance****Kshs** | **Amount deferred under deferred income****Kshs** | **Total transfers Period ended Sep\*/Dec\*/March\*/June\* 20xx****Kshs** |
| xxx | xxx | xxx | xxx |
| xxx | xxx | xxx | xxx |
| xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** |

1. **Levies, fines, penalties and forfeitures**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Fuel Levy | xxx |
| Petroleum Development Levy | xxx |
| Fines | xx |
| Penalties | xx |
| forfeitures | xx |
| Other levies (Specify) | xxx |
| **Total** | **xxx** |

(Provide a brief explanation for this revenue)

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

1. **Reimbursement and Refunds**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **KShs** |
| African Union | xxx |
| European Union | xxx |
| Others (specify) | xxx |
| **Total**  | **xxx** |

(Provide a brief explanation for this revenue)

1. **Licenses, Fees and Permits**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Licenses  | xxx |
| Fees | xxx |
| Permits | xxx |
| **Total** | **xxx** |

(Provide brief explanation for this revenue)

1. **Rendering of Services**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **KShs** |
| Audit | xxx |
| Security | xxx |
| Service fees | xxx |
| Other fees | xxx |
| **Total**  | **xxx** |

(Provide brief explanation for this revenue)

1. **Rental Revenue from Facilities and Equipment**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Rent | xxx |
| Property income | xxx |
| Contingent rentals\* | xxx |
| Others specify | xxx |
| **Total** | **xxx** |

(*Provide brief explanation for this revenue*)

**\****Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.*

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

1. **Finance Income**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Interest from cash investments and fixed deposits | xxx |
| Interest income from Treasury Bills | xxx |
| Interest income from Treasury Bonds | xxx |
| Interest from outstanding debtors | xxx |
| Others (specify) | xxx |
| **Total**  | **xxx** |

(*Provide brief explanation for this revenue*)

1. **Miscellenous Incomes**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Insurance recoveries | xxx |
| Sale of incidental goods | xxx |
| Sale of market establishments | xxx |
| Sale of non-market establishment | xxx |
| Administrative fees and charges | xxx |
| Bulk infrastructure levies | xxx |
| Income from profits and dividends | xxx |
| Infrastructure improvement fee | xxx |
| Income from sale of tender | xxx |
| Services concession income | xxx |
| Skills development levy | xxx |
| Agency fee | xxx |
| Other incomes not specified elsewhere | xxx |
| **Total** **other** **income** | **xxx** |

*(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*).

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

1. **Employee Costs**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Basic salaries of permanent employees | xxx |
| Basic wages of temporary employees | xxx |
| Personal allowances – part of salary | xxx |
| Pension and other social security contributions | xxx |
| Employer contributions to compulsory national social security schemes | xxx |
| Employer contributions to compulsory national health insurance schemes | xxx |
| Other social benefit schemes | xxx |
| Other personnel costs | xxx |
| **Employee** **costs** | **xxx** |

\* *Other employee related costs- please provide a brief explanation for these costs*

1. **Use of Goods and Services**

| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
| --- | --- |
|  | **Kshs** |
| Utilities, supplies and services | xxx |
| Communication, supplies and services | xxx |
| Domestic travel and subsistence | xxx |
| Foreign travel and subsistence | xxx |
| Printing, advertising, and information supplies & services | xxx |
| Rentals of produced assets | xxx |
| Training expenses | xxx |
| Hospitality supplies and services | xxx |
| Insurance costs | xxx |
| Specialized materials and services | xxx |
| Bank charges | xxx |
| Office and general supplies and services | xxx |
| Fuel oil and lubricants | xxx |
| Routine maintenance – vehicles and other transport equipment | xxx |
| Routine maintenance – other assets | xxx |
| Other operating expenses | xxx |

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

1. **Transfers to Other Government Entities**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Transfers to national govt entities- SAGAs & SC | xxx |
| Transfer to other Central Government entities | xxx |
| Transfers to Projects | xxx |
| Transfers to car loan and mortgage schemes | xxx |
| Transfers to County Governments entities | xxx |
| Others (specify) | xxx |
| **Total**  | **xxx** |

1. **Commissioner’s Expenses**

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Chairman’s Honoraria | xxx |
| Sitting allowances | xxx |
| Medical insurance | xxx |
| Induction and training | xxx |
| Travel and accommodation | xxx |
| Health clubs | xxx |
| Other allowances | xxx |
| **Total**  | **xxx** |

1. **Depreciation and Amortization Expense**

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Property, plant and equipment | xxx |
| Intangible assets | xxx |
| Investment property carried at cost | xxx |
| **Total**  | **xxx** |

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

1. **Other Grants and Subsidies**

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Membership dues and subscriptions to international organizations | xxx |
| Scholarships and other educational benefits | xxx |
| Emergency relief and refugee assistance | xxx |
| Grants to small businesses, cooperatives, and self employed | xxx |
| Grants to foreign government | xxx |
| Relief to the disabled, the sick, unemployed | xxx |
| Subsidies to public entities | xxx |
| Subsidies to private entities | xxx |
| **Total** **Grants** **and** **Subsidies** | **xxx** |

1. **Finance Costs**

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Interest Payments on Foreign Borrowings | xxx |
| Interest Payments on Guaranteed Debt Taken over by Govt | xxx |
| Interest on Domestic Borrowings (Non-Govt) | xxx |
| Interest on Borrowings from Other Government Units | xxx |
| Interest on bank overdrafts | xxx |
| Interest on loans from commercial banks | xxx |
| **Total** **finance** **costs** | **xxx** |

*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)*

1. **Social Benefits**

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
| **Kshs** |
| Transfers to the elderly | xxx |
| Transfers to orphans | xxx |
| Transfers to the physically challenged | xxx |
| **Total** **social benefit expenses** | **xxx** |

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

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

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
|  | xxx |
| Property, plant and equipment | xxx |
| Intangible assets | xxx |
| Other assets not capitalised | xxx |
| **Total** **gain** **on** **sale** **of** **assets** | **xxx** |

1. **Gain/Loss on Foreign Exchange**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Gain or loss on foreign exchange transactions | xxx |
| Gain or loss on balances in foreign exchanges | xxx |
| **Total**  | **xxx** |

1. **Gain/Loss on Fair Value Investments**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Investments at fair value | xxx |
| **Total** **Gain** | **xxx** |

1. **Impairment Loss**

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| Property, plant and equipment | xxx |
| Intangible assets | xxx |
| Inventory | xxx |
| **Total** **Impairment** **Loss** | **xxx** |

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

1. **Taxation**

|  |  |
| --- | --- |
| **Description** | **Period ended** **Sep\*/Dec\*/March\*/June\* 20xx** |
| **Kshs** |
| Current income tax charge | xxx |
| Tax charged on rental income | xxx |
| Tax charged on interest income | xxx |
| Deferred tax | xxx |
| Original and reversal of temporary differences | xxx |
| **Income tax expense reported in the statement of financial performance** | **xxx** |

1. **Cash and Cash Equivalents**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening statement** **1st July 20XX** |
|  | **Kshs** | **Kshs** |
| Recurrent account | xxx | xxx |
| Development account | xxx | xxx |
| Deposits account | xxx | xxx |
| On - Call Deposits | xxx | xxx |
| Fixed Deposits account | xxx | xxx |
| Others(Specify) | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

**28 (a) Detailed Analysis of the Cash and Cash Equivalents**

|  |  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening statement** **1st July 20XX** |
| --- | --- | --- | --- |
| **Financial Institution** | **Account number** | **Kshs** | **Kshs** |
| Recurrent Account |  | xxx | xxx |
| *CBK001* | 1000\*\*\*\* |  |  |
| Development Accounts |  | xxx | xxx |
| *CBK002* | 1000\*\*\*\* |  |  |
| Deposits Accounts |  | xxx | xxx |
| On - Call Deposits |  | xxx | xxx |
| Fixed Deposits Account |  | xxx | xxx |
| **Others (Specify)** |  | xxx | xxx |
| Cash on Hand |  | xxx | xxx |
| Mobile money accounts |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Grand Total** |  | **xxx** | **xxx** |

1. **Receivables from Exchange Transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening statement** **1st July 20XX** |
|  | **Kshs** | **Kshs** |
| Other exchange debtors | xxx | xxx |
| Less: impairment allowance | (xxx) | (xxx) |
| **Total Receivables** | **xxx** | **xxx** |
| 1. Current receivables
 | xxx | xxx |
| 1. Non-current receivables
 | xxx | xxx |
| **Total** **receivables (a+b)** | **xxx** | **xxx** |

**(c ) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions**

|  |  |
| --- | --- |
| **Impairment allowance** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| At the beginning of the period | xxx |
| Additional allowance during the period | xxx |
| Recovered during the period | (xxx) |
| Written off during the period | (xxx) |
| At the end of the period | **xxx** |

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

1. **Receivables from Non-Exchange Transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | ***Opening Statement 1st July 20XX*** |
| **Kshs** | **Kshs** |
| Property tax debtors | Xxx | Xxx |
| Levies, fines, and penalties | Xxx | Xxx |
| Licences, fees and permits | Xxx | Xxx |
| Other debtors (non-exchange transactions) | Xxx | Xxx |
| Less: impairment allowance | (xxx) | (xxx) |
| **Total** **receivables from non- exchange transactions** | **xxx** | **xxx** |

**(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| At the beginning of the period | xxx |
| Additional allowances during the period | xxx |
| Recovered during the period | (xxx) |
| Written off during the period | (xxx) |
| At the end of the period | **xxx** |

1. **Inventories**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | ***Opening Statement 1st July 20XX*** |
|  | **Kshs** | **Kshs** |
| Consumable stores | xxx | xxx |
| Goods held for distribution | xxx | xxx |
| Spare parts and meters | xxx | xxx |
| Agricultural produce | xxx | xxx |
| *Others specify* | xxx | xxx |
| Less: allowance for impairment | (xxx) | (xxx) |
| **Total**  | **xxx** | **xxx** |

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

1. **Investments**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | ***Opening Statement 1st July 20XX*** |
|  | **Kshs** | **Kshs** |
| 1. **Investment in Treasury bills and bonds**
 |  |  |
| Financial institution |  |  |
| CBK | xxx | xxx |
| CBK | xxx | xxx |
| Sub- total | **xxx** | **xxx** |
| 1. **Investment with Financial Institutions/ Banks**
 |  |  |
| Bank x | xxx | xxx |
| Bank y | xxx | xxx |
| Sub- total | **xxx** | **xxx** |
| 1. **Equity investments (specify)**
 |  |  |
| Equity/ shares in MDA xxx | xxx | xxx |
| Sub- total | **xxx** | **xxx** |
| **Grand total** | **xxx** | **xxx** |
| Analysed as: |  |  |
| **Current Portion of Investments** | **xxx** | **xxx** |
| **Non-current portion of investments.** | **xxx** | **xxx** |

1. **Movement of Equity Investments**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| At the beginning of the period | xxx |
| Purchase of investments in the period | xxx |
| Sale of investments during the period | (xxx) |
| Increase /(decrease ) in fair value of investments | xxx |
| At the end of the period | **xxx** |

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

**e) Shareholding in other entities**

For investments in equity share listed under note 32 above, list down the equity investments under the following categories:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of MDA where investment is held | No of shares | Nominal value of shares | Fair value of shares | Fair value of shares |
|  | **Direct shareholding** | **Indirect shareholding** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
|  | **%** | **%** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| MDA A | xxx | xxx | xxx | xxx | xxx | xxx |
| MDA B | xxx | xxx | xxx | xxx | xxx | xxx |
| MDA C | xxx | xxx | xxx | xxx | xxx | xxx |
|  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

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

1. **Property, Plant, and Equipment**

|  | **Land** | **Buildings** | **Motor vehicles** | **Infrastructure assets** | **Furniture and fittings** | **Computers & ICT Equipment** | **Heritage assets** | **Work in progress** | **Service concession assets** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Depreciation Rate** |  | **2-10%** | **10-16.67%** | **2-20%** | **12.5%** | **33.3%** | **x%** |  |  |  |
| **Cost** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Opening Bal as 1st July 20xx** | **xxx** | **xxx** | **xxx** | **Xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | Xxx | xxx | - | xxx | xxx | xxx | **xxx** |
| Disposals | (xxx) | (xxx) | - | (Xxx) | - | - | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfer/Adjustments | (xxx) | (xxx) | xxx | Xxx | xxx | (xxx) | (xxx) | xxx | xxx | **(xxx)** |
| **As At xx Sep/Dec/Mar/Jun 20xx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation And Impairment** |  |  |  |  |  |  |  |  |  |  |
| Depreciation | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | - | - | **(xxx)** |
| Disposals | - | xxx | - | - | - | - | xxx | - | - | **xxx** |
| Impairment | - | (xxx) | (xxx) | (xxx) | - | - | (xxx) | - | - | **(xxx)** |
| Transfer/Adjustment | - | xxx | (xxx) | (xxx) | (xxx) | xxx | (xxx) | - | - | **xxx** |
| **As At xx Sep/Dec/Mar/Jun 20xx** | **-** | **xxx** | **Xxx** | **Xxx** | **xxx** | **xxx** | **xxx** | **-** | **-** | **xxx** |
| **Net Book Values** |  |  |  |  |  |  |  |  |  |  |
| **Opening Bal as at 1st July 20xx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As At xx, 20xx** | **xxx** | **xxx** | **Xxx** | **Xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*The statement does not contain comparatives, as the MDA has taken advantage of IPSAS 33 provisions on presentation for the first year of transition.*

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

**Valuation**

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at , PPE has been valued at the current operational value which is the amount the MDA would pay for the remaining service potential of an asset at the measurement date.

1. **Right- of-use assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | ***Buildings*** | **Motor vehicles** | ***Plant and equipment*** | ***Total*** |
|   | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Cost**  |   |   |   |   |
| As at 1 July 20xx  | xxx  | xxx  | xxx  | xxx  |
| Additions  | xxx  | xxx  | xxx  | xxx  |
| As at 30 Sept/Dec/ March/June 20xx  | xxx  | xxx  | xxx  | xxx  |
|   |   |   |   |   |
| **Accumulated Depreciation**  |   |   |   |   |
| As at 1 July 20xx  | xxx  | xxx  | xxx  | xxx  |
| Charge for the year  | xxx  | xxx  | xxx  | xxx  |
| As at 30 Sept/Dec/ March/June 20xx  | xxx  | xxx  | xxx  | xxx  |
|   |   |   |   |   |
| **Carrying Amount**  |   |   |   |   |
| As at 30 Sept/Dec/ March/June 20xx  | xxx  | xxx  | xxx  | xxx  |

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

1. **Intangible Assets**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| **Cost** |  |
| **At the beginning of the period** | **xxx** |
| Additions | xxx |
| Disposal | (xxx) |
| **At the end of the period** | **xxx** |
| **Amortization and impairment** |  |
| **At the beginning of the period** | **xxx** |
| Amortization | xxx |
| **At the end of the period** | **xxx** |
| Impairment loss | xxx |
| **At end of the period** | **xxx** |
| **NBV** | **xxx** |

1. **Investment Property**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| **At beginning of the period** | **xxx** |
| Additions | xxx |
| Disposal during the year | (xxx) |
| Depreciation | (xxx) |
| Impairment | (xxx) |
| **At end of the period** | **xxx** |

*(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance***).**

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

1. **Biological Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/****March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
|  | **Kshs** | **Kshs** |
| Trees in a plantation forest | xxx | xxx |
| Animals: Dairy cattle, pigs, sheep | xxx | xxx |
| Fruit Trees | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

1. **Tangible Natural Resources**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Sub- soil assets** | **Water** | **Wildlife** | **Total** |
|   | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Cost**  |   |   |   |   |
| As at 1 July 20xx  | xxx  | xxx  | xxx  | xxx  |
| Additions  | xxx  | xxx  | xxx  | xxx  |
| As at 30 Sept/Dec/ March/June 20xx  | xxx  | xxx  | xxx  | xxx  |
|   |   |   |   |   |
| **Accumulated Depreciation**  |   |   |   |   |
| As at 1 July 20xx  | xxx  | xxx  | xxx  | xxx  |
| Charge for the year  | xxx  | xxx  | xxx  | xxx  |
| As at 30 Sept/Dec/ March/June 20xx  | xxx  | xxx  | xxx  | xxx  |
|   |   |   |   |   |
| **Carrying Amount**  |   |   |   |   |
| As at 30 Sept/Dec/ March/June 20xx  | xxx  | xxx  | xxx  | xxx  |

1. **Trade and Other Payables**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
| **Kshs** | **Kshs** |
| Trade payables | xxx | xxx |
| Payments received in advance | xxx | xxx |
| Employee payables | xxx | xxx |
| Third-party payments | xxx | xxx |
| Other payables | xxx | xxx |
| **Total** **trade** **and** **other** **payables** | **xxx** | **xxx** |

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

1. **Refundable Deposits and Prepayments**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/****March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
| **Kshs** | **Kshs** |
| Customer deposits | xxx | xxx |
| Prepayments | xxx | xxx |
| Other deposits | xxx | xxx |
| **Total** **deposits** | **xxx** | **xxx** |

1. **Provisions**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Leave provision** | **Bonus provision** | **Gratuity****Provision** | **Other provision** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Opening bal 1st July**  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additional provisions | xxx | xxx | xxx | xxx | xxx |
| Provision utilised | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| Change due to discount and time value for money | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **Total provisions period end** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Current Provisions | xxx | xxx | xxx | xxx | xxx |
| Non-current Provisions | xxx | xxx | xxx | xxx | xxx |

1. **Lease Liability**

|  |  |
| --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** |
| **At the start of the period** | **xxx** |
| Discount interest on lease liability | xxx |
| Paid during the year | (xxx) |
| **At end of the period** | **xxx** |

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

1. **Deferred Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
|  | **Kshs** | **Kshs** |
| National Government | xxx | xxx |
| International Funders | xxx | xxx |
| Public Contributions and Donations | xxx | xxx |
| **Total** **Deferred** **Income** | xxx | xxx |

**Analysed as:**

|  |  |
| --- | --- |
| **Description** | **Amount** |
| Current | xxx |
| Non- Current | xxx |
| **Total** | **xxx** |

**The deferred income movement is as follows:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | **National government** | **International funders** | **Public contributions and donations** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Balance Brought Forward | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx |
| Transfers To Capital Fund | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers To Income Statement | (xxx) | (xxx) | (xxx) | (xxx) |
| Other Transfers | (xxx) | (xxx) | (xxx) | (xxx) |
| Balance Carried Forward | **xxx** | **xxx** | **xxx** | **xxx** |

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

1. **Employee Benefit Obligations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Defined benefit plan** | **Post-employment medical benefits** | **Other Benefits** | **Opening Bal As At 1st July 20XX** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Current Benefit Obligation | xxx | xxx | xxx | xxx | xxx |
| Non-Current Benefit Obligation | xxx | xxx | xxx | xxx | xxx |
| **Total** **Employee Benefits Obligation** | xxx | xxx | xxx | xxx | xxx |

**Retirement benefit Asset/ Liability *(Applicable to Pensions)***

The MDA operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

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

|  |  |
| --- | --- |
|  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
|  |  |
| Discount Rates | x% |
| Future Salary Increases | x% |
| Future Pension Increases | x% |
| Mortality (Pre- Retirement) | x% |
| Mortality (Post- Retirement) | x% |
| Withdrawals | xx% |
| Ill Health | xx% |
| Retirement | xx years |

**Recognition of Retirement Benefit Asset/ Liability**

1. Amounts recognised under other gains/ Losses in the statement of Financial Performance:

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/****March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
| **Description** | **Kshs** | **Kshs** |
| The return on defined plan assets | xxx | xxx |
| Actuarial gains/ losses arising from changes in demographic assumptions | xxx | xxx |
| Actuarial gains/ losses arising from0020changes in financial assumptions | xxx | xxx |
| Actuarial gains and losses arising from experience adjustments | xxx | xxx |
| Others (specify) | xxx | xxx |
| Adjustments for restrictions on the defined benefit asset | xxx | xxx |
| **Remeasurement of the net defined benefit liability (asset)** | xxx | xxx |

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

1. **Amounts recognised in the Statement of Financial Position**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/****March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
| **Description** | **Kshs** | **Kshs** |
| Present value of defined benefit obligations(a) | xxx | xxx |
| Fair value of plan assets(b) | (xxx) | (xxx) |
| Funded status(=a-b) | **xxx** | **xxx** |
| Restrictions on asset recognised | xxx | xxx |
| Others | xxx | xxx |
| Net asset or liability arising from defined benefit obligation | **xxx** | **xxx** |

The MDA also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The MDA’s obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the MDA also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

1. **Borrowings**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/****March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
|  | **Kshs** | **Kshs** |
| 1. **External borrowings**
 |  |  |
| Balance at beginning of the year | xxx | xxx |
| External borrowings during the year | xxx | xxx |
| Repayments of during the year | (xxx) | (xxx) |
| **Balance at end of the year** | **xxx** | **xxx** |
|  |  |  |
| 1. **Domestic borrowings**
 |  |  |
| Balance at beginning of the year | xxx | xxx |
| Domestic borrowings during the year | xxx | xxx |
| Repayments during the year | (xxx) | (xxx) |
| **Balance at end of the year** | **xxx** | **xxx** |
|  |  |  |
| **Balance at end of the period- domestic and** **External borrowings c = a+b** | **xxx** | **xxx** |

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

The analyses of both external and domestic borrowings are as follows:

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
|  | **Kshs** | **Kshs** |
| **External Borrowings** |  |  |
| Dollar denominated loan from ‘X organisation’ | xxx | xxx |
| Sterling Pound denominated loan from ‘Y Organisation’ | xxx | xxx |
| Euro denominated loan from Z Organisation’ | xxx | xxx |
| **Domestic Borrowings** |  |  |
| Kenya Shilling loan from KCB | xxx | xxx |
| Kenya Shilling loan from ABSA | xxx | xxx |
| Kenya Shilling loan from Consolidated Bank | xxx | xxx |
| **Total balance at end of the period** | **xxx** | **xxx** |

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
|  | **Kshs** | **Kshs** |
| Short term borrowings (current portion) | xxx | xxx |
| Long term borrowings | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(NB: the total of this statement should tie to note 43 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

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

1. **Social Benefit Liability**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/****March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
| **Kshs** | **Kshs** |
| Health social benefit scheme | xxx | xxx |
| Unemployment social benefit scheme  | xxx | xxx |
| Orphaned and vulnerable benefit scheme | xxx | xxx |
| Elderly social benefit scheme | xxx | xxx |
| Disability social benefits | xxx | xxx |
| **Total** | **xxx** | **xxx** |
|  |  |  |
| Current social benefits | xxx | xxx |
| Non- current social benefits | xxx | xxx |
| **Total (tie to totals above)** | **xxx** | **xxx** |

*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.*

1. **Service Concession Arrangements Liability**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/****March\*/June\* 20xx** | **Opening Statement 1st July 20XX** |
|  |  | **Kshs** |
| Fair value of service concession assets recognized under PPE | xxx | xxx |
| Accumulated depreciation to date | (xxx) | (xxx) |
| Net carrying amount | **xxx** | **xxx** |
| Service concession liability at beginning of the year | xxx | xxx |
| Service concession revenue recognized | (xxx) | (xxx) |
| Service concession liability at end of the period | **xxx** | **xxx** |

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

1. **Cash Generated from Operations**

|  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** |
| --- | --- |
|  | **Kshs** |
| **Surplus for the period before tax** | **xxx** |
| **Adjusted for:** |  |
| Depreciation | xxx |
| Non-cash grants received | (xxx) |
| Contributed assets | (xxx) |
| Impairment | xxx |
| Gains and losses on disposal of assets | (xxx) |
| Contribution to provisions | xxx |
| Contribution to impairment allowance | 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. **Ultimate And Holding MDA**

The MDA ultimate parent is the Government of Kenya.

1. **Currency**

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

# Appendices

**Appendix I: Statement of Financial Performance for Each Quarter**

|  | **Notes** | ***Quarter 1*** | ***Quarter 2*** | ***Quarter 3*** | ***Quarter 4*** | ***Cumulative*** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |  |  |  |
| Transfers from exchequer | 6 | xxx | xxx | xxx | xxx | xxx |
| Transfers from other government entities | 7 | xxx | xxx | xxx | xxx | xxx |
| Transfers from domestic and foreign partners | 8 | xx | xxx | xxx | xxx | xxx |
| Levies, fines, penalties, and forfeitures | 9 | xxx | xxx | xxx | xxx | xxx |
| Reimbursement and refunds | 10 | xxx | xxx | xxx | xxx | xxx |
| **Total** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |
| **Revenue** **from** **exchange** **transactions** |  |  |  |  |  |  |
| Licenses, fees and permits | 11 | xxx | xxx | xxx | xxx | xxx |
| Rendering of services | 12 | xxx | xxx | xxx | xxx | xxx |
| Rental revenue from facilities and equipment | 13 | xxx | xxx | xxx | xxx | xxx |
| Finance income  | 14 | xxx | xxx | xxx | xxx | xxx |
| Other income | 15 | xxx | xxx | xxx | xxx | xxx |
| **Total** **revenue** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |  |
| Employee costs | 16 | xxx | xxx | xxx | xxx | xxx |
| Use of goods and services | 17 | xxx | xxx | xxx | xxx | xxx |
| Transfers to other government entities | 18 | xxx | xxx | xxx | xxx | xxx |
| Commissioners expenses | 19 | xxx | xxx | xxx | xxx | xxx |
| Depreciation and amortization expense | 20 | xxx | xxx | xxx | xxx | xxx |
| Other grants and subsidies | 21 | xxx | xxx | xxx | xxx | xxx |
| Finance costs | 22 | xxx | xxx | xxx | xxx | xxx |
| Social benefits | 23 | xxx | xxx | xxx | xxx | xxx |
| **Total** **expenses** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Other** **gains/(losses)** |  |  |  |  |  |  |
| Gain/(loss) on sale of assets | 24 | xxx/(xxx) | xxx/(xxx) | xxx/(xxx) | xxx/(xxx) | xxx/(xxx) |
| Gain/Loss on foreign exchange transactions | 25 | xxx | xxx | xxx | xxx | xxx |
| Gain/Loss on fair value of investments | 26 | xxx | xxx | xxx | xxx | xxx |
| Impairment loss | 27 | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **Surplus/Deficit for the year** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Taxation | 28 | (xxx) |  |  |  |  |
| **Net Surplus/Deficit** |  | **xxx** |  |  |  |  |

**Appendix II: Transfers from Other Government Entities**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Where Recorded/recognized** |  |
| **Date received as per bank statement** | **Nature: Recurrent/Development/Others** | **Total Amount - KES** | **Statement of Financial Performance** |  | **Deferred Income** | **Receivables** | **Others - must be specific** | **Total Transfers during the Year** |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |