***Issued 30th June 2024***



*(Add your Entity Logo)*

XXXXXXX

*(Indicate the actual name of the Money Lending Entity)*

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED**

**30TH JUNE 20xx**

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

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# Acronyms, Abbreviations, and Definition of Key Terms

**A: Acronyms and Abbreviations**

CBK Central Bank of Kenya

CECM County Executive Committee Member

CEO Chief Executive Officer

CO Chief Officer

DG Director General

ICPAK Institute of Certified Public Accountants of Kenya

IPSAS International Public Sector Accounting Standards

MD Managing Director

NT National Treasury

OAG Office of the Auditor General

OCOB Office of the Controller of Budget

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

WB World Bank

**B: Definition of Key Terms**

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

**Comparative Year**- Means the prior period.

*(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)*

# Key Entity Information and Management

1. **Background information**

The *Entity* was incorporated/ established under the xxx (*insert the establishing legal instrument*) on xxx (*insert date*). The Entity is domiciled in Kenya and has branches in xxx, xxx (*list them*).

(*Include any other information relevant to the users of financial information on the background of the Entity, for example, departments).*

1. **Principal Activities**

*The principal activity/mission/ mandate of the Entity is to …*

*(Under this section, quote your functions as derived from the establishing Act. You may also include the Entity’s vision, mission, and core objectives)*

1. **Key Management**

The *Entity’s* day-to-day management is under the following key organs:

| **No.** | **Details** |
| --- | --- |
| 1. | Board of Directors/ Fund Committee/ Management etc; |
| 2. | Accounting officer/ CEO/MD/Fund Administrator etc |
| 3. | Management |
| 4. | *Others specify* |

1. **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:

| **No.** | **Designation** | **Name** |
| --- | --- | --- |
| 1. | CEO, MD, DG, Fund Administrator |  |
| 2. | Head of Corporate Services |  |
| 3. | Head of Finance |  |
| 4. | Head of Procurement |  |
| 5. | *Others specify* |  |

*(Include positions regarded as top management in your entity per your organizational structure).*

**Key Entity Information and Management (continued)**

1. **Fiduciary Oversight Arrangements**

*Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*

* *Audit and Risk Committee*
* *Finance committee.*
* *Parliamentary Oversight Committees*
* *Development partners*
* *Other oversight arrangements*

1. **Entity Headquarters**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

XXX (*indicate town),* KENYA.

1. **Entity Contacts**

Telephone: (254) XXXXXX

E-mail: xxxx@xxx.com

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

1. **Entity 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*)**

**Key Entity Information and Management (continued)**

1. **Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1. **Principal Legal Adviser**
2. The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

1. County Attorney

P.O. Box xxx

Xxx Town/City

# The Board of Directors/Fund Committees

|  |  |
| --- | --- |
| **Directors** | **Details** |
| *Insert each Director’s/Committee member’s passport-size photo and name, and key profession/academic qualifications* | *Provide a concise description of each Director’s/ Committee member’s date of birth, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board, the director chairs where applicable. Indicate whether the director is independent and or whether alternate.* |
| *Director/Committee Member 2* |  |
| *Director/Committee Member 3* |  |
| *Director/ Committee Member 4* |  |
| *CEO/DG/Fund Administrator* |  |
| *Entity Secretary* | *Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.* |

# Key Management Team

|  |  |
| --- | --- |
| **Management** | **Details** |
| *Insert each key manager’s passport-size photo and name, and key profession/academic qualifications* | *Indicate the main area of responsibility – without details* |
| *Manager 2* |  |
| *Manager 3* |  |
| *Manager 4* |  |
| ***Note:*** *The CEO/Fund Administrator and the Entity Secretary will feature both under the ‘Board’ and ‘Management’.* | |

# Chairman’s Statement

**(One – two pages.)**

*(Under this section, the Chairman will give a brief highlight of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the organisation). The report should be signed by the chairman of the governing body.*

# Report of the Chief Executive Officer/Fund Administrator

**(Two to three pages)**

*(Under this section, the CEO will give his report which highlights the same issues as the Chairman in a more detailed format. The CEO may also mention at a high level the financial performance of the organization). The CEO report should be signed by the CEO).*

# Statement of Performance against Predetermined Objectives for FY 20xx/20xx-1

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

*Section 81 Subsection 2 (f) or 164 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement a statement of the National/County government Entity’s performance against predetermined objectives. (This guidance statement should be removed from the final set of financial statements).*

*XXX* has *X* strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 20xx/20xx-1. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1:

Pillar/theme/issue 2:

*XXX* develops its annual work plans based on the above *X* pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The *XXX* achieved its performance targets set for the *FY 20xx* period for its xx strategic pillars, as indicated in the table below:

*(NB: Entities can prepare this performance information as per the table below or in a more relevant format suitable for the nature of its activities)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Strategic Pillar/Theme/Issues** | **Objective** | **Key Performance Indicators** | **Activities** | **Achievements** |
| Pillar/ theme/ issue 1: |  |  |  |  |
| Pillar/ theme/ issue 1: |  |  |  |  |

*(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)*

# Corporate Governance Statement

**(**Two to three pages)

(*Under this section, include the existence of a board charter, process of appointment and removal of Board members, succession plan, roles and functions of the Board, the number of Board meetings held, conflict of interest, and the attendance to those meetings by members, induction and training, board and member performance, board remuneration, ethics and conduct as well as governance audit.)*

# Management Discussion and Analysis

**(**Two to three pages)

*(Under this section, the management gives a report on the operational and financial performance of the organization for the last three to five-year period, the Entity’s key projects or investment decisions implemented or ongoing, the Entity’s compliance with statutory requirements, major risks facing the organization, material arrears in statutory and other financial obligations, review of the economy, review of the sector, future developments and 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.)*

# Environmental and Sustainability Reporting

**(Two to three pages)**

1. ***Sustainability strategy and profile***

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

1. ***Environmental performance***

*Outline clearly the environmental policy guiding the organization and provide evidence of the policy. 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 and whether they take into account the gender ratio, whether they take in stakeholder engagements, and how often they are improved. Explain efforts made in improving skills and managing careers, 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 organization should outline its efforts to:*

1. ***Responsible competition practice.***

*Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.*

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

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

1. ***Responsible marketing and advertisement***

*Outline efforts to maintain ethical marketing practices.*

1. ***Product stewardship***

*Outline efforts to safeguard consumer rights and interests.*

1. ***Corporate Social Responsibility / Community Engagements***

*The organisation gives details of CSR activities carried out in the year and their impact on society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment, and other forms of community engagement.*

# Report of the Directors/Fund Committee

The Directors/Fund Committee submits their report together with the audited financial statements for the year ended June 30, 20xx, which show the state of the *Entity’s* affairs.

1. **Principal activities**

The principal activities of the Entity are (continue to be) ….

1. **Results**

The results of the Entity for the year ended June 30, 20xx, are set out on page ….

1. **Directors/Fund Committee**

The members of the Board of Directors/Fund Committee who served during the year are shown on page xxx. During the year, xxx director/fund committee retired/ resigned, and xxx was appointed with effect from xxx date.

1. **Auditors**

The Auditor-General is responsible for the statutory audit of the *Entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Entity* for the year/period ended June *30, 20xx*, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

|  |
| --- |
| **………………………………………….** |
| **Name** |
| **Corporation Secretary/Secretary to the Board/Committee** |

# Statement of Directors/Fund Committee Responsibilities

Section *81 or 164* of the Public Finance Management Act, 2012 and  *(entities should quote the applicable legislation under which they are regulated))* require the Directors/Fund Committee to prepare financial statements in respect of that *Entity*, which give a true and fair view of the state of affairs of the *Entity* at the end of the financial year/period and the operating results of the *Entity* for that year/period. The Directors/Fund Committee are also required to ensure that the *Entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Entity*. The Directors/Fund Committee is also responsible for safeguarding the assets of the *Entity*.

The Directors/Fund Committee are responsible for the preparation and presentation of the *Entity’s* financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year (period) 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 Entity; (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 *Entity*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors/Fund Committee accept responsibility for the *Entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – *entities should quote applicable legislation as indicated under which they are regulated)*. The Directors/Fund Committee are of the opinion that the *Entity’s* financial statements give a true and fair view of the state of the *Entity’s* transactions during the financial year ended June 30, 20xx, and of the *Entity’s* financial position as at that date. The Directors/Fund Committee further confirms the completeness of the accounting records maintained for the *Entity*, which have been relied upon in the preparation of the *Entity’s* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors/Fund Committee have assessed the entity’s ability to continue as a going concern (*disclose, as applicable, matters relating to the use of going* *concern basis of preparation of the financial statements*). Nothing has come to the attention of the Directors/Fund Committee to indicate that the *Entity* 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 *Entity’s* financial statements were approved by the Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20xx and signed on its behalf by:

|  |  |
| --- | --- |
| ………………………………………. | ……………………………………… |
| **Name** | **Name** |
| **Chairperson of the Board/Fund Committee** | **Accounting Officer/Fund Administrator** |

# Report of the Independent Auditor for the Financial Statements of (*Specify Entity Name*)

# Statement of Financial Performance for the year ended 30 June 20xx

|  | **Notes** | **Insert Current FY** | **Insert Comparative FY** |
| --- | --- | --- | --- |
|  | **Kshs** | **Kshs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |
| Transfers from other governments entities | 6 | xxx | xxx |
| Public contributions and donations | 7 | xxx | xxx |
| Transfers in-kind | 8 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Revenue** **from** **exchange** **transactions** |  |  |  |
| Interest income | 9 | xxx | xxx |
| Rendering of services | 10 | xxx | xxx |
| Rental revenue from facilities and equipment | 11 | xxx | xxx |
| Fees and other charges | 12 | xxx | xxx |
| Other income | 13 | xxx | xxx |
| **Total** **revenue** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Use of goods and services | 14 | xxx | xxx |
| Employee costs | 15 | xxx | xxx |
| Board Expenses | 16 | xxx | xxx |
| Depreciation and amortization expense | 17 | xxx | xxx |
| Repairs and maintenance | 18 | xxx | xxx |
| Contracted services | 19 | xxx | xxx |
| Grants and subsidies | 20 | xxx | xxx |
| Finance costs | 21 | xxx | xxx |
| **Total** **expenses** |  | **xxx** | **xxx** |
| **Surplus/deficit from operating activities** |  | **xxx** | **xxx** |
| **Other** **gains/(losses)** |  |  |  |
| Gain/Loss on sale of assets | 22 | xxx | xxx |
| Gain/Loss on foreign exchange transactions | 23 | xxx | xxx |
| Gain /Loss on fair value of investments | 24 | xxx | xxx |
| Impairment loss | 25 | (xxx) | (xxx) |
| **Surplus/ (deficit)** **before** **tax** |  | **xxx/(xxx)** | **xxx/(xxx)** |
| Taxation | 26 | (xxx) | (xxx) |
| **Surplus/(deficit)** **for** **the** Y**ear** |  | **xxx (xxx)** | **xxx/(xxx)** |
| **Net Surplus for the year** |  | **xxx** | **xxx** |

The notes set out on pages xxx to xxx form an integral part of these Financial Statements. The Financial Statements set out on pages xxx to xxx were signed on behalf of the Board of Directors/Fund committee by:

|  |  |  |
| --- | --- | --- |
| **……………………………..** | **………………………………** | **………………………………** |
| **Name:** | **Name:** | **Name:** |
| **Chairman Board/Fund** | **Accounting Officer** | **Head of Finance** |
|  |  | **ICPAK M/No:** |
| **Date** | **Date** | **Date** |

*\*Comparative year means prior year/ previous period*

# 15 Statement of Financial Position as at 30 June 20xx

|  | **Notes** | **Insert Current FY** | **Insert Comparative FY** |
| --- | --- | --- | --- |
|  | **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current** **Assets** |  |  |  |
| Cash and Cash equivalents | 27 | xxx | xxx |
| Receivables from Exchange Transactions | 28 | xxx | xxx |
| Receivables from Non-Exchange Transactions | 29 | xxx | xxx |
| Inventories | 30 | xxx | xxx |
| Investments in financial assets | 31 | xxx | xxx |
| **Total Current Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Assets** |  |  |  |
| Receivables from Exchange Transactions | 28 | xxx | xxx |
| Investments in financial assets | 31 | xxx | xxx |
| Property, Plant and Equipment | 32 | xxx | xxx |
| Intangible Assets | 33 | xxx | xxx |
| Investment Property | 34 | xxx | xxx |
| **Total Non- Current Assets** |  | **xxx** | **xxx** |
| **Total** **Assets (A)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current** **Liabilities** |  |  |  |
| Trade and Other Payables | 35 | xxx | xxx |
| Refundable Deposits from Customers | 36 | xxx | xxx |
| Current Provision | 37 | xxx | xxx |
| Finance Lease Obligation | 38 | xxx | xxx |
| Deferred Income | 39 | xxx | xxx |
| Employee Benefit Obligations | 40 | xxx | xxx |
| Current Portion of Borrowings | 41 | xxx | xxx |
| Taxation | 42 | xxx | xxx |
| **Total Current Liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Liabilities** |  |  |  |
| Non-Current Provisions | 37 | xxx | xxx |
| Non-Current Employee Benefit Obligation | 40 | xxx | xxx |
| Borrowings | 41 | xxx | xxx |
| Service Concession Liability | 43 | xxx | xxx |
| Deferred Tax Liabilities | 44 | 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 |
| Revolving Fund |  | xxx | xxx |
| Capital Fund |  | xxx | xxx |
| **Net Assets** |  | **xxx** | **xxx** |

The financial statements set out on pages xxx to xxx were signed on behalf of the Board of Directors by:

|  |  |  |
| --- | --- | --- |
| **……………………………..** | **………………………………** | **………………………………** |
| **Name:** | **Name:** | **Name:** |
| **Chairman Board/Fund** | **Accounting Officer** | **Head of Finance** |
|  |  | **ICPAK M/No:** |
| **Date** | **Date** | **Date** |

# 16. Statement of Changes in Net Assets for the year ended 30 June 20xx

| **Description** | **Revaluation reserve** | **Fair value adjustment reserve** | **Accumulated surplus** | **Revolving Fund** | **Capital/**  **Development Grants/Fund** | **Total** |
| --- | --- | --- | --- | --- | --- | --- |
|  | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| **As at July 1, (Previous FY)** | xxx | xxx | xxx | xxx | xxx | xxx |
| Revaluation gain |  | - | - | - | - | xxx |
| Fair value adjustment on investments | - | xxx | - | - | - | xxx |
| Surplus/ deficit for the year | - | - | xxx | - | - | xxx |
| Funds received During the year | - | - | - | xxx | - | xxx |
| Transfers from accumulated surplus to revolving fund | - | - | (xxx) | xxx | - | xxx |
| Capital/development grants received during the year | - | - | - | - | xxx | xxx |
| **As at June 30, (Previous FY)** | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| **As at July 1, (Current FY)** | xxx | xxx | xxx | xxx | xxx | xxx |
| Revaluation gain | xxx | - | - | - | - | xxx |
| Fair value adjustment on investments | - | xxx | - | - | - | xxx |
| Surplus/ (deficit) for the year | - | - | xxx/(xxx) | - | - | xxx/(xxx) |
| Funds received During the year | - | - | - | xxx | - | xxx |
| Transfers from accumulated surplus to revolving fund | - | - | (xxx) | xxx | - | - |
| Capital/development grants received during the year | - | - | - | xxx | xxx | xxx |
| **As at June 30, (Current FY)** | xxx | xxx | xxx | xxx | xxx | xxx |

*Note:*

1. *For items that are not common in the financial statements, the Entity 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 year 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.*

# 17. Statement of Cash Flows for the year ended 30 June 20xx

|  |  | **Insert Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- | --- |
| **Notes** | **Kshs** | **Kshs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |  |  |
| Transfers from other governments entities |  | xxx | xxx |
| Public contributions and donations |  | xxx | xxx |
| Interest received |  | xxx | xxx |
| Rendering of services |  | xxx | xxx |
| Rental revenue from facilities and equipment |  | xxx | xxx |
| Fees and other charges |  | xxx | xxx |
| Other income*(specify)* |  | xxx | xxx |
| **Total receipts** |  | **xxx** | **xxx** |
| **Payments** |  |  |  |
| Use of goods and services |  | (xxx) | (xxx) |
| Employee costs |  | (xxx) | (xxx) |
| Board Expenses |  | (xxx) | (xxx) |
| Repairs and maintenance |  | (xxx) | (xxx) |
| Contracted services |  | (xxx) | (xxx) |
| Grants and subsidies |  | (xxx) | (xxx) |
| Finance costs |  | (xxx) | (xxx) |
| **Total payments** |  | **(xxx)** | **(xxx)** |
| **Net** **cash** **flows** **from/(used in)** **operating** **activities** | 45 | **xxx** | **xxx** |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Purchase of PPE |  | (xxx) | (xxx) |
| Purchase of Intangible assets |  | (xxx) | (xxx) |
| Proceeds from sale of PPE |  | xxx | xxx |
| Proceeds from loan principal repayments |  | xxx | xxx |
| Loan disbursements paid out |  | (xxx) | (xxx) |
| Purchase of investments |  | (xxx) | (xxx) |
| Proceeds from sale of investments |  | xxx | xxx |
| **Net** **cash** **flows from/(used** **in)** **investing** **activities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Cash** **flows** **from** **financing** **activities** |  |  |  |
| Revolving fund receipts |  | xxx | xxx |
| Proceeds from borrowings |  | xxx | xxx |
| Repayment of borrowings |  | (xxx) | (xxx) |
| **Net cash flows from financing Activities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Net** **increase/(decrease)** **in** **cash** &  **Cash equivalents** |  | **xxx /(xxx)** | **xxx /(xxx)** |
| **Cash and cash equivalents at the beginning (1st July)** | **27** | **xxx** | **xxx** |
| **Cash and cash equivalents at the end (30th June)** | **27** | **xxx** | **xxx** |

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

# 18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 20xx

|  | **Original** **budget** | **Adjustments** | **Final** **budget** | **Actual** **on comparable basis** | **Performance difference** | **% of utilization** |
| --- | --- | --- | --- | --- | --- | --- |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |  |
|  | **a** | **b** | **c= (a+b)** | **d** | **e=(c-d)** | **f=d/c\*100** |
| **Revenue** |  |  |  |  |  |  |
| Transfers from Other Governments entities | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Public Contributions and Donations | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Interest income | xxx | xxx/(xxx) | xxx | xxx | xxx | xxx |
| Rendering of Services | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Rental Revenue from Facilities and Equipment | xxx | xxx/(xxx) | xxx | xxx | xxx | xxx |
| Fees and other charges | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Other Income *(specify)* | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| **Total** **Income** | **xxx** | **xxx/(xxx)** | **xxx** | **xxx** | **(xxx)** | **xxx** |
| **Expenses** |  |  |  |  |  |  |
| Use of Goods and Services | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Employee costs | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Board Expenses | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Repairs and Maintenance | xxx | xxx/(xxx) | xxx | xxx | xxx | xxx |
| Contracted Services | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Grants and Subsidies | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| Finance costs | xxx | xxx/(xxx) | xxx | xxx | (xxx) | xxx |
| **Total** **Expenditure** | **xxx** | **xxx/(xxx)** | **xxx** | **xxx** | **(xxx)** | **xxx** |
| **Surplus** **for** **the** **period** | **xxx** | **xxx/ (xxx)** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Capital Expenditure** | **xxx** | **xxx/ (xxx)** | **xxx** | **xxx** | **xxx** | **xxx** |

*Budget notes*

*1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)*

*2. Provide an explanation of changes between the 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 financial performance totals due to differences in accounting basis*

*(budget is cash basis, statement of financial performance is accrual) provide a reconciliation****.***

# 19. 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/County Government of xxx 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 on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Entity’s* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Entity. The* financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act *(include any other applicable legislation),* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

1. **Adoption of New and Revised Standards**
2. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024****.*

|  |  |
| --- | --- |
| **Standard** | **Effective date and impact:** |
| IPSAS 43:  Leases | ***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*** |
| 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 the entity’s financial statements.)*

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

**Fees and other charges**

The *Entity* recognizes revenues from fees and other charges 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 Entity 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 *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**

**Rendering of services**

The Entity 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.

1. **Budget information**

The original budget for the Current FY was approved by the National/County Assembly 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. The Entity recorded additional appropriations of *xxx* on the 20xx budget following the governing body’s approval. The *Entity’s* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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 financial performance has been presented under section *xxx* of these financial statements.

1. **Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

1. When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
2. When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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, or investment property is measured at fair value with gains and losses recognised through surplus or deficit****. (the entity to amend appropriately based on the model adopted)*** 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.

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 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.

1. **Leases**

Finance leases are leases that transfer substantially all the 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 so as 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.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over 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:

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 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.

**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.

1. **Financial assets**

**Classification of financial assets**

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

**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 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 a surplus or deficit model.

**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.*

1. **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 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 *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.

1. **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.

1. **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.

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 a 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 the 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/Fund Committees, the CEO/Fund Administrator, and senior managers. (Entity to amend accordingly)*

1. **Service concession arrangements**

The *Entity* analyses all aspects of service concession arrangements that it enters 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

1. **Comparative figures**

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

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.

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. 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 *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 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 is based on the assessment of experts employed by the Entity.
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 37. 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).*

1. **Transfers from Other Government entities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Unconditional** **Grants** |  |  |
| Operational Grant | xxx | xxx |
| Unconditional development grants | xxx | xxx |
| Other Grants*(specify)* | xxx | xxx |
| **Total Unconditional Grants** | **xxx** | **xxx** |
| **Conditional** **Grants amortised/ transferred to revenue** |  |  |
| Development Grant | xxx | xxx |
| Operational Grant | xxx | xxx |
| Other Organizational Grants (specify) | xxx | xxx |
| **Total** **Government** **Grants** **and** **Subsidies** | **xxx** | **xxx** |

*(Explain the purpose of funding)*

**b) Transfers from Ministry/County Departments**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of The Entity Sending the Grant** | **Amount recognized to Statement of Financial performance. \*** | **Amount deferred under deferred income.** | **Amount recognised in capital fund.** | **Total transfers (Current FY)** | **Insert**  **Comparative FY** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Ministry/County Department | xxx | xxx | xxx | xxx | xxx |
| Xxx Ministry | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*(Ensure that the amount recorded above as having been received from the Ministry/County fully reconciles to the amount recorded by the sending Entity. An acknowledgment note/receipt should be raised in favor of the sending Ministry/County. The details of the reconciliation have been included under Appendix xxx)*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

1. **Public Contributions and Donations**

| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- |
| **Kshs** | **Kshs** |
| Research Donations | xxx | xxx |
| Donations transferred to revenue on conditions being met. | xxx | xxx |
| Other Public Donations (Specify) | xxx | xxx |
| **Total Transfers and Sponsorships** | **xxx** | **xxx** |
|  |  |  |
| **Reconciliation of Public Contributions and Donations** |  |  |
| Balance Unspent at Beginning of The Year | xxx | xxx |
| Current Year Receipts | xxx | xxx |
| Conditions Met - Transferred to Revenue | xxx | xxx |
| Conditions To Be Met - Remain Liabilities | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

1. **Transfers in-kind.**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Payments by Ministry/County Department on behalf of the entity | xxx | xxx |
| Others*(specify)* | xxx | xxx |
| **Total Transfers in-kind** | **xxx** | **xxx** |

1. **Interest income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Interest on loans | xxx | xxx |
| Others*(specify)* | xxx | xxx |
| **Total** **Interest** **income** | **xxx** | **xxx** |

1. **Rendering of Services**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Training Fees | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** **Revenue** **from** **The** **Rendering** **of** **Services** | **xxx** | **xxx** |

*(Provide a brief explanation for this revenue. The entity should tailor this note to reflect the services rendered.)*

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Operating Lease Revenues | xxx | xxx |
| Contingent Rentals\* | xxx | xxx |
| **Total** **Rentals** | **xxx** | **xxx** |

(*Provide a brief explanation for this revenue*)

**\****Contingent rentals include the hire of grounds, and institutional facilities like halls, kitchens etc.*

1. **Fees and other charges**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Fees | xxx | xxx |
| Charges from defaults | xxx | xxx |
| Others *(specify)* | xxx | xxx |
| **Total Fees and other charges** | **xxx** | **xxx** |

1. **Other Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Interest on cash investments and fixed deposits | xxx | xxx |
| Interest on Bank balances | xxx | xxx |
| Interest income from Treasury Bills | xxx | xxx |
| Interest income from Treasury Bonds | xxx | xxx |
| Insurance recoveries | xxx | xxx |
| Income from sale of tender | xxx | xxx |
| Services concession income | xxx | xxx |
| Skills development levy | xxx | xxx |
| Bad debts recovered | xxx | xxx |
| Miscellaneous incomes (*specify*) | xxx | xxx |
| **Total** **Other income** | **xxx** | **xxx** |

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognize income not elsewhere classified.*

1. **Use of Goods and Services**

| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- |
| **Kshs** | **Kshs** |
| Electricity | xxx | xxx |
| Water | xxx | xxx |
| Subscriptions | xxx | xxx |
| Advertising | xxx | xxx |
| Admin Fees | xxx | xxx |
| Audit Fees | xxx | xxx |
| Conferences and Delegations | xxx | xxx |
| Consulting Fees | xxx | xxx |
| Consumables | xxx | xxx |
| Fuel and Oil | xxx | xxx |
| Insurance | xxx | xxx |
| Legal Expenses | xxx | xxx |
| Licenses and Permits | xxx | xxx |
| Postage | xxx | xxx |
| Printing and Stationery | xxx | xxx |
| Hire Charges | xxx | xxx |
| Rent expenses | xxx | xxx |
| Security Costs | xxx | xxx |
| Skills Development Levies | xxx | xxx |
| Inventory Scrapping | xxx | xxx |
| Telecommunication | xxx | xxx |
| Training | xxx | xxx |
| Travel, Subsistence & Other Allowances\* | xxx | xxx |
| Bank charges | xxx | xxx |
| Other program support expenses*(specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*\*Travel, accommodation, subsistence, and other allowances- Where this cost has been budgeted under employee costs, please report it under note 15.* *(Provide brief explanation expenditure variations compared to the previous year)*

1. **Employee Costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Salaries and wages | xxx | xxx |
| Employer contribution to health insurance schemes | xxx | xxx |
| Employer contribution to pension schemes | xxx | xxx |
| Travel, accommodation, subsistence, & other allowances | xxx | xxx |
| Housing benefits and allowances | xxx | xxx |
| Overtime payments | xxx | xxx |
| Performance and other bonuses | xxx | xxx |
| Social contributions | xxx | xxx |
| Gratuity | xxx | xxx |
| Extraneous | xxx | xxx |
| Other employee related costs \* | xxx | xxx |
| **Employee** **costs** | **xxx** | **xxx** |

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

1. **Board Expenses**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Chairman/Directors’ Honoraria | xxx | xxx |
| Sitting Allowances | xxx | xxx |
| Medical Insurance | xxx | xxx |
| Induction and Training | xxx | xxx |
| Travel and Accommodation | xxx | xxx |
| Other Allowances | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Provide brief explanation expenditure variations compared to the previous year*)

1. **Depreciation and Amortization Expense**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Property, plant, and equipment | xxx | xxx |
| Intangible assets | xxx | xxx |
| Investment property carried at cost | xxx | xxx |
| **Total** **depreciation** **and** **amortization** | **xxx** | **xxx** |

*(Provide brief explanation expenditure variations compared to the previous year*)

1. **Repairs and Maintenance**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Property and equipment | xxx | xxx |
| Investment Property | xxx | xxx |
| Equipment and Machinery | xxx | xxx |
| Vehicles | xxx | xxx |
| Furniture and Fittings | xxx | xxx |
| Computers | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** **Repairs** **and** **Maintenance** | **xxx** | **xxx** |

*(Provide a brief explanation of expenditure variations compared to the previous year*)

1. **Contracted Services**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Actuarial Valuations | xxx | xxx |
| Investment Valuations | xxx | xxx |
| Property Valuations | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** **Contracted** **Services** | **xxx** | **xxx** |

*Provide brief explanation of expenditure variations compared to the previous year*)

1. **Grants and Subsidies**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Community Development | xxx | xxx |
| Education Initiatives and Programs | xxx | xxx |
| Social Development | xxx | xxx |
| Community Trust | xxx | xxx |
| Sporting Bodies | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** **Grants** **and** **Subsidies** | **xxx** | **xxx** |

1. **Finance Costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Borrowings (amortized cost) \* | xxx | xxx |
| Finance leases (amortized cost) | xxx | xxx |
| Unwinding of discount on lease liabilities | xxx | xxx |
| Interest on bank overdrafts | xxx | xxx |
| Interest on loans from commercial banks | xxx | xxx |
| **Total** **finance** **costs** | **xxx** | **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. **Gain/Loss on Sale of Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
|  | xxx | xxx |
| Property, plant and equipment | xxx | xxx |
| Intangible assets | xxx | xxx |
| Other assets not capitalised | xxx | xxx |
| **Total** **gain** **on** **sale** **of** **assets** | **xxx** | **xxx** |

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

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Gain on foreign exchange transactions | xxx | xxx |
| Loss on foreign exchange transactions | (xxx) | (xxx) |
| **Total** **Gain/Loss** | **xxx** | **xxx** |

*(Provide a brief explanation of gain/loss on foreign exchange transactions*)

1. **Gain/ (loss) on Fair Value Investments**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Investments at Fair Value- Equity investments | xxx | xxx |
| Fair value – Investment property | xxx | xxx |
| Fair value- other financial assets (specify) | xxx | xxx |
| **Total** **Gain** | **xxx** | **xxx** |

*(Provide a brief explanation of fair value valuation on investment assets*)

1. **Impairment Loss**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Property, Plant and Equipment | xxx | xxx |
| Intangible Assets | xxx | xxx |
| **Total** **Impairment** **Loss** | **xxx** | **xxx** |

*Provide brief explanation on assets impairment loss*)

1. **Taxation**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Current income tax charge | xxx | xxx |
| Tax charged on rental income | xxx | xxx |
| Tax charged on interest income | xxx | xxx |
| **Deferred** **tax:** [note 44] | xxx | xxx |
| Original and reversal of temporary differences | xxx | xxx |
| **Income tax expense reported in the statement of financial performance** | **xxx** | **xxx** |

*Provide brief explanation on taxation, if any, as a public entity on revenues not exempted*)

1. **Cash and Cash Equivalents**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Bank balances | xxx | xxx |
| On - Call Deposits | xxx | xxx |
| Fixed Deposits Account *(below 3 months)* | xxx | xxx |
| Others *(Specify)* | xxx | xxx |
| **Total** **Cash** **and** **Cash** **Equivalents** | **xxx** | **xxx** |

*(The amount should agree with the closing and opening balances as included in the statement of cash flows. List all bank accounts. Provide brief explanation on cash variations compared to the previous year*)

**Detailed Analysis of the Cash and Cash Equivalents**

| **Financial Institution** | **Account number** | **Insert Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- | --- |
| **Kshs** | **Kshs** |
| 1. **Bank balances** |  |  |  |
| XXX Bank |  | xxx | xxx |
| XXX Bank |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| 1. **On - Call Deposits** |  |  |  |
| XXX Bank |  | xxx | xxx |
| XXX Bank |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| 1. **Fixed Deposits Account** |  |  |  |
| XXX Bank |  | xxx | xxx |
| XXX Bank |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| 1. **Others (Specify)** |  | xxx | xxx |
| Cash In Transit |  | xxx | xxx |
| Cash In Hand |  | xxx | xxx |
| Mobile Money Accounts |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Grand Total** |  | **xxx** | **xxx** |

1. **Receivables from Exchange Transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current**  **FY** | **Insert Comparative**  **FY** |
| **Kshs** | **Kshs** |
| **Current Receivables** |  |  |
| Loan interest receivable | xxx | xxx |
| Current Loan Repayments Due | xxx | xxx |
| Fees and other charges due | xxx | xxx |
| Other *(specify)* | xxx | xxx |
| Less: Impairment Allowance | (xxx) | (xxx) |
| **Total Current Receivables** |  |  |
|  |  |  |
| **Non-Current Receivables** |  |  |
| Long Term Loan Repayments Due | xxx | xxx |
| **Total Non- Current Receivables** | **xxx** | **xxx** |
| **Total** **Receivables from Exchange Transactions** | **xxx** | **xxx** |

**(b) Ageing analysis for Receivables from exchange transactions**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
| **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** | **%** |

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

|  |  |  |
| --- | --- | --- |
| **Impairment allowance/ provision** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| At the beginning of the year | xxx | xxx |
| Additional provisions during the year | xxx | xxx |
| Recovered during the year | (xxx) | (xxx) |
| Written off during the year | (xxx) | (xxx) |
| At the end of the year | **xxx** | **xxx** |

*(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)*

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
| Specify | xxx | | xxx | |
| **Total** **receivables** | **xxx** | | **xxx** | |
|  |  | |  | |
| **Ageing Analysis- Receivables from non-**  **exchange transactions** | **Current FY** | **% of the total** | **Comparative**  **FY** | **% of the total** |
| Less than 1 year | xxx | % | xxx | % |
| Between 1-2 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total** | xxx | % | xxx | % |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| At the beginning of the year | xxx | xxx |
| Additional provisions during the year | xxx | xxx |
| Recovered during the year | (xxx) | (xxx) |
| Written off during the year | (xxx) | (xxx) |
| At the end of the year | **xxx** | **xxx** |

1. **Inventories**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current**  **FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Consumable stores | xxx | xxx |
| Other goods held for resale | xxx | xxx |
| Catering | xxx | xxx |
| Others (specify) | xxx | xxx |
| Less: allowance for impairment | (xxx) | (xxx) |
| **Total** **inventories** **at** **the** **lower** **of** **cost** **and** **net** **realizable** **value** | **xxx** | **xxx** |

*(Provide brief explanation on inventories*)

1. **Investments in financial assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **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 Entity xxx | xxx | xxx |
| Sub- total | **xxx** | **xxx** |
| **Grand total** | **xxx** | **xxx** |

**(***Entity should disclose whether the fixed investment financial assets are measured at amortized cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.*

1. **Movement of Equity Investments**

|  |  |  |
| --- | --- | --- |
| **Impairment allowance/ provision** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| At the beginning of the year | xxx | xxx |
| Purchase of investments in the year | xxx | xxx |
| Sale of investments during the year | (xxx) | (xxx) |
| Gain/(loss) in fair value of investments through surplus or deficit | xxx | xxx |
| At the end of the year | **xxx** | **xxx** |

**e) Shareholding in other entities**

For investments in equity share listed under note 31 above, list down the equity investments under the following categories:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of Entity where investment is held** | **No of shares** | | | **Nominal value of shares** | **Fair value of shares** | **Fair value of shares** |
| **Direct shareholding** | **Indirect shareholding** | **Effective shareholding** |  | **Current year** | **Comparative year** |
|  | **%** | **%** | **%** | **Kshs** | **Kshs** | **Kshs** |
| Entity A | xxx | xxx | xxx | xxx | xxx | xxx |
| Entity B | xxx | xxx | xxx | xxx | xxx | xxx |
| Entity C | xxx | xxx | xxx | xxx | xxx | xxx |
|  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

1. **Property, Plant and Equipment**

| **Cost/Revalued amount** | **Land** | **Buildings** | **Motor vehicles** | **Furniture and fittings** | **ICT Equipment** | **Office Equipment** | **Other Assets**  **(specify)** | **Capital**  **Work in progress** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Depreciation rate | **-** | **xx** | **xx** | **xx** | **xx** | **xx** | **xx** |  |  |
| As At 1July (comparative FY) | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx | **-** | **-** | **xxx** | **xxx** | **xxx** |
| Disposals | (xxx) | (xxx) | (xxx) | **-** | **-** | **-** | (xxx) | (xxx) | **(xxx)** |
| Transfers/Adjustments | xxx | xxx | (xxx) | **xxx** | (xxx) | (xxx) | (xxx) | **xxx** | **(xxx)** |
| As at 30th June (comparative FY) | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx | - | - | xxx | xxx | **xxx** |
| Disposals | (xxx) | (xxx) | - | - | - | - | (xxx) | (xxx) | **(xxx)** |
| Transfer/Adjustments | (xxx) | (xxx) | xxx | xxx | (xxx) | (xxx) | (xxx) | xxx | **(xxx)** |
| **As at 30th June (Current FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Depreciation And Impairment |  |  |  |  |  |  |  |  |  |
| At 1July (comparative FY) | **-** | **(xxx)** | **(xxx)** | **(xxx)** | **(xxx)** | **(xxx)** | **(xxx)** |  | **(xxx)** |
| Depreciation | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |  | **(xxx)** |
| Impairment | - | (xxx) | - | - | - | - | (xxx) |  | **(xxx)** |
| Transfers/ Adjustments | - | (xxx) | xxx | xxx | (xxx) | (xxx) | (xxx) |  | **(xxx)** |
| As At 30th (Current FY) | **-** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **(xxx)** |  | **xxx** |
| Depreciation | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |  | **(xxx)** |
| Disposals | - | xxx | - | - | - | - | xxx |  | **xxx** |
| Impairment | - | (xxx) | (xxx) | - | - | - | (xxx) |  | **(xxx)** |
| Transfer/Adjustment | - | xxx | (xxx) | (xxx) | xxx | xxx | (xxx) |  | **xxx** |
| **As at 30th June (Current FY)** | **-** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |  | **xxx** |
| Net Book Values |  |  |  |  |  |  |  |  |  |
| **As at 30th June** (comparative FY) | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30th June** (Current FY) | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*(Include a brief description of WIP as a footer.)*

**Valuation**

Land and buildings/ Equipment (be specific) were valued by XXX valuers in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by xxx valuers on this date xxx.

**(b) Property, Plant and Equipment at Cost**

If the freehold land, buildings, and other assets were stated on the historical cost basis the amounts would be as follows**:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Cost** | **Accumulated Depreciation** | **NBV** |
| **Kshs** | **Kshs** | **Kshs** |
| Land | xxx | xxx | xxx |
| Buildings | xxx | xxx | xxx |
| Plant And Machinery | xxx | xxx | xxx |
| Motor Vehicles, Including Motorcycles | xxx | xxx | xxx |
| Computers And Related Equipment | xxx | xxx | xxx |
| Office Equipment | xxx | xxx | xxx |
| Furniture and Fittings | xxx | xxx | xxx |
| Others *(specify)* | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** |

Property plant and Equipment includes the following assets that are fully depreciated:

|  |  |  |
| --- | --- | --- |
| **Description** | **Cost or valuation** | **Normal annual depreciation charge** |
| Plant and Machinery | xxx | xxx |
| Motor Vehicles including Motorcycles | xxx | xxx |
| Computers and Related Equipment | xxx | xxx |
| Office Equipment | xxx | xxx |
| Furniture and Fittings | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Intangible Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Cost** |  |  |
| **At beginning of the year** | xxx | xxx |
| Additions | xxx | xxx |
| **At end of the year** | xxx | xxx |
|  |  |  |
| **Amortization and impairment** |  |  |
| **At beginning of the year** | xxx | xxx |
| Amortization | (xxx) | (xxx) |
| Impairment loss | (xxx) | (xxx) |
| **At end of the year** | xxx | xxx |
| **NBV** | **xxx** | **xxx** |

1. **Investment Property**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **At beginning of the year** | **xxx** | **xxx** |
| Additions | xxx | xxx |
| Disposal during the year | (xxx) | (xxx) |
| Depreciation | (xxx) | (xxx) |
| Impairment | (xxx) | (xxx) |
| Gain/(loss) in fair value (if fair value is elected) | xxx/(xxx) | xxx/(xxx) |
| **At end of the year** | **xxx** | **xxx** |

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, deprecation and impairment should be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*

1. **Trade and Other Payables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
| Trade payables | xxx | | xxx | |
| Employee payables | xxx | | xxx | |
| Third-party payments | xxx | | xxx | |
| Other payables | 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*)

1. **Refundable Deposits Customers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
| Customer deposits | xxx | | xxx | |
| Prepayments | xxx | | xxx | |
| Other deposits | 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. **Provisions**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Leave provision** | **Bonus provision** | **Gratuity**  **Provision** | **Other provision** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Balance brought forward at the beginning of the year | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additional provisions during the year | xxx | xxx | xxx | xxx | xxx |
| Provision utilised during the year | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| Change due to discount and time value for money | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **Total provisions at the end year** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Analysed as:** |  |  |  |  |  |
| Current Provisions | xxx | xxx | xxx | xxx | xxx |
| Non-Current Provisions | xxx | xxx | xxx | xxx | xxx |

1. **Finance Lease Obligation**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **At the start of the year** | **xxx** | **xxx** |
| Discount interest on lease liability | xxx | xxx |
| Paid during the year | (xxx) | (xxx) |
| **At end of the year** | **xxx** | **xxx** |

**Maturity Analysis**

|  |  |
| --- | --- |
| **Period** | **Amount (Kshs)** |
| Year 1 | xxx |
| Year 2 | xxx |
| Year 3 | xxx |
| Year 4 | xxx |
| Year 5 And Onwards | xxx |
| Less: Unearned Interest | (xxx) |
| **Total** | **xxx** |

**Analysed as:**

|  |  |
| --- | --- |
| **Description** | **Amount (Kshs)** |
| Current | xxx |
| Non- Current | xxx |
| **Total** | **xxx** |

*(Provide brief explanation*)

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

1. **Deferred Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| National/ County Government | xxx | xxx |
| Public Contributions and Donations | xxx | xxx |
| **Total** **Deferred** **Income** | xxx | xxx |

*(Provide brief explanation*)

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

1. **Employee Benefit Obligations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Defined benefit plan** | **Post-employment medical benefits** | **Other Benefits** | **(Current FY)** | **(Comparative FY)** |
|  | **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**

The Entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx is the custodian of the scheme. The scheme is based on xxx percentage of the salary of an employee at the time of retirement. An actuarial valuation to fulfill 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:

|  |  |  |
| --- | --- | --- |
| Description | **Insert Current FY** | **Insert**  **Comparative FY** |
|  |  |
| Discount Rates | x% | x% |
| Future Salary Increases | x% | x% |
| Future Pension Increases | x% | x% |
| Mortality (pre- retirement) | x% | x% |
| Mortality (post-retirement) | x% | x% |
| Withdrawals | xx | xx |
| Ill Health | xx | xx |
| Retirement | xx years | xx years |

**Recognition of Retirement Benefit Asset/ Liability**

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current**  **FY** | **Insert**  **Comparative FY** |
| **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 from changes 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 |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **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 *(specify)* | xxx | xxx |
| **Net asset or liability arising from defined benefit obligation** | **xxx** | **xxx** |

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity’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 Entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

1. **Borrowings**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
|  | **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** |
|  |  |  |
| **Short Term Borrowings (Current Portion)** | **xxx** | **xxx** |
| **Long Term Borrowings** | **xxx** | **xxx** |
| **Total** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert**  **Comparative FY** |
|  | **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 Barclays Bank | xxx | xxx |
| Kenya Shilling Loan from Consolidated Bank | xxx | xxx |
| Total Balance at End Of The Year | **xxx** | **xxx** |

1. **Taxation**

|  |  |  |
| --- | --- | --- |
| Description | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| At beginning of the year | xxx | xxx |
| Income tax charge for the year (note 26) | xxx | xxx |
| Under/(over) provision in prior year/s (note 26) | xxx | xxx |
| Income tax paid during the year | (xxx) | (xxx) |
| At end of the year | xxx | xxx |

*[Provide short, appropriate explanations as necessary]*

1. **Service Concession Liability**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **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 year** | **xxx** | **xxx** |

1. **Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year-end is attributable to the following items:

|  |  |  |
| --- | --- | --- |
| Description | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Accelerated capital allowances | xxx | xxx |
| Unrealised exchange gains/(losses) | xxx | xxx |
| Revaluation surplus | xxx | xxx |
| Tax losses carried forward | (xxx) | (xxx) |
| Provisions for liabilities and charges | (xxx) | (xxx) |
| **Net deferred tax liability/(asset)** | **xxx** | **xxx** |
| **The movement on the deferred tax account is as follows:** |  |  |
| **Balance at beginning of the year** | **xxx** | **xxx** |
| Credit to revaluation reserve | (xxx) | (xxx) |
| Under provision in prior year | xxx | xxx |
| Income statement charge/(credit) | xxx | xxx |
| **Balance at end of the year** | **xxx** | **xxx** |

*(In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes on surplus funds. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)*

1. **Cash Generated from Operations**

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

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

1. **Financial Risk Management**

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

* 1. **Credit risk**

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity’s management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the Entity’s maximum exposure to credit risk without taking account the value of any collateral obtained is made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | **Total amount** | **Fully performing** | **Past due** | **Impaired** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |  |
| Receivables from exchange transactions | xxx | xxx | xxx | xxx |
| Receivables from non-exchange transactions | xxx | xxx | xxx | xxx |
| Bank balances | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30 June (Previous FY)** |  |  |  |  |
| Receivables from exchange transactions | xxx | xxx | xxx | xxx |
| Receivables from non-exchange transactions | xxx | xxx | xxx | xxx |
| Bank balances | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity’s statement of financial position).*

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has a significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

* 1. **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity’s directors, who have built an appropriate liquidity risk management framework for the management of the Entity’s short, medium, and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description | **Less than 1 month** | **Between 1-3 months** | **Over 5 months** | **Total** |
| --- | --- | --- | --- | --- |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |  |
| Trade payables | xxx | xxx | xxx | xxx |
| Current portion of borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Deferred income | xxx | xxx | xxx | xxx |
| Employee benefit obligation | xxx | xxx | xxx | xxx |
| Others *(specify)* | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30th June (Previous FY)** |  |  |  |  |
| Trade payables | xxx | xxx | xxx | xxx |
| Current portion of borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Deferred income | xxx | xxx | xxx | xxx |
| Employee benefit obligation | xxx | xxx | xxx | xxx |
| Others *(specify)* | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

**Financial Risk Management**

* 1. **Market risk**

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rates, equity prices, and foreign exchange rates which will affect the Entity’s income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity’s xxx Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity’s exposure to market risks or the way it manages and measures the risk.

1. **Foreign currency risk**

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after xxx days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

**Financial Risk Management**

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

**Current FY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **In Kshs** | **Other currencies** | **Total** |
| **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |
| **Financial Assets** | xxx | xxx | xxx |
| Investments | xxx | xxx | xxx |
| Cash | xxx | xxx | xxx |
| Debtors | xxx | xxx | xxx |
| **Total Financial Assets** | **xxx** | **xxx** | **xxx** |
| **Financial Liabilities** |  |  |  |
| Trade And Other Payables | xxx | xxx | xxx |
| Borrowings | xxx | xxx | xxx |
| **Total Financial Liabilities** | **xxx** | **xxx** | **xxx** |
| **Net Foreign Currency Asset/(Liability)** | **xxx** | **xxx** | **xxx** |

**Foreign currency sensitivity analysis**

**Current FY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **In Kshs** | **Other currencies** | **Total** |
| **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |
| **Financial Assets** | xxx | xxx | xxx |
| Investments | xxx | xxx | xxx |
| Cash | xxx | xxx | xxx |
| Debtors | xxx | xxx | xxx |
| **Total Financial Assets** | **xxx** | **xxx** | **xxx** |
| **Financial Liabilities** |  |  |  |
| Trade And Other Payables | xxx | xxx | xxx |
| Borrowings | xxx | xxx | xxx |
| **Total Financial Liabilities** | xxx | xxx | xxx |
| **Net Foreign Currency Asset/(Liability)** | **xxx** | **xxx** | **xxx** |

**Financial Risk Management**

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

|  |  |  |  |
| --- | --- | --- | --- |
| Description | **Change in**  **currency rate** | **Effect on Profit**  **before tax** | **Effect on**  **Equity/Net assets** |
| **Kshs** | **Kshs** | **Kshs** |
| **Current FY** |  |  |  |
| Euro | xx% | xxx | xxx |
| USD | xx% | xxx | xxx |
| Sterling pound | xx% | xxx | xxx |
| **Previous FY** |  |  |  |
| Euro | xx% | xxx | xxx |
| USD | xx% | xxx | xxx |
| Sterling pound | xx% | xxx | xxx |

1. **Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of

Kshs xxx (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

**Fair value of financial assets and liabilities**

1. **Financial instruments are measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity’s* market assumptions. These two types of inputs have created the following fair value hierarchy:

* Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
* Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
* Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

**Financial Risk Management**

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **As at 30 June (Current FY)** |  |  |  |  |
| **Financial Assets** |  |  |  |  |
| Quoted Equity Investments | xxx | xxx | xxx | xxx |
| **Non- Financial Assets** |  |  |  |  |
| Investment Property | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30th June (Previous FY)** |  |  |  |  |
| **Financial Assets** |  |  |  |  |
| Quoted Equity Investments | xxx | xxx | xxx | xxx |
| **Non- Financial Assets** |  |  |  |  |
| Investment Property | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

There were no transfers between levels 1, 2, and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Revaluation Reserve | xxx | xxx |
| Retained Earnings | xxx | xxx |
| xxx Reserve | xxx | xxx |
| **Total Funds** | **xxx** | **xxx** |
| Total Borrowings | xxx | xxx |
| Less: Cash and Bank Balances | (xxx) | (xxx) |
| Net Debt/(Excess Cash And Cash Equivalents) | xxx | xxx |
| **Gearing** | xx% | xx% |

1. **Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Entity* include those parties who have the 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.

**Other related parties include:**

1. The Parent Ministry.
2. County Governments
3. Other SCs and SAGAs
4. Key management.
5. Board of Directors/Fund Committees.
6. Others *(specify)*

| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- |
| **Kshs** | **Kshs** |
| **Transactions with related parties** |  |  |
| 1. **Sales to related parties** |  |  |
| Rent income from govt. Agencies | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| 1. **Purchases from related parties** |  |  |
| Purchases of electricity from KPLC | xxx | xxx |
| Purchase of water from govt service providers | xxx | xxx |
| Rent expenses paid to govt agencies | xxx | xxx |
| Training and conference fees paid to govt. Agencies | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| 1. **Grants /transfers from the government** |  |  |
| Grants from National government | xxx | xxx |
| Grants from County government | xxx | xxx |
| Donations in kind | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| 1. **Expenses incurred on behalf of related party** |  |  |
| Salaries and wages for xxx employees | xxx | xxx |
| Goods and services for xxx | xxx | xxx |
| Others *(specify)* | xxx | xxx |
| **Total** |  |  |
| 1. **Key management compensation** |  |  |
| Directors’ emoluments | xxx | xxx |
| Compensation to key management | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity’s performance and allocation of resources to different segments)*

1. **Contingent Assets and Contingent Liabilities**

**Contingent Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Contingent Assets** |  |  |
| Insurance Reimbursements | xxx | xxx |
| Assets Arising from Determination of Court Cases | xxx | xxx |
| Reimbursable Indemnities and Guarantees | xxx | xxx |
| Receivables From Other Government Entities | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** | xxx | xxx |

*(Give details)*

**Contingent Liabilities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Contingent Liabilities** | xxx | xxx |
| Court Case xx against the Entity | xxx | xxx |
| Bank Guarantees in Favour of Subsidiary | xxx | xxx |
| Contingent Liabilities arising from Contracts Including PPPs | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Give details)*

1. **Capital Commitments**

|  |  |  |
| --- | --- | --- |
| **Capital Commitments** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Authorised for | xxx | xxx |
| Authorised and contracted for | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorized by the board but at the end of the year had not been contracted or those already contracted for and ongoing).*

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 Corporation/ or a Semi-Autonomous Government Agency under the Ministry/County 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.

# 20. Appendices

**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

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

| **Reference No. on the external audit Report** | **Issue / Observations from Auditor** | **Management comments** | **Status:**  ***(Resolved / Not Resolved)*** | **Timeframe:**  ***(Put a date when you expect the issue to be resolved)*** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

***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 the 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 the implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved”.

|  |
| --- |
| ……………………………………… |
| DG/C.E.O/M.D/Fund Administrator (enter title of head of Entity) |
| Date: |

**Appendix II: Projects implemented by** *(The Entity)*

Projects implemented by the Entity Funded by development partners and/ or the Government.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Project title** | **Project Number** | **Donor** | **Period/ duration** | **Donor commitment** | **Separate donor reporting required as per the donor agreement (Yes/No)** | **Consolidated in these financial statements.**  **(Yes/No)** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**Status of Project Completion**

*(Provide a summary of the project implementation status, i.e. total costs incurred, stage which the project is etc)*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **S/No** | **Project Name** | **Total project Cost** | **Total expended to date** | **Completion % to date** | **Budget** | **Actual** | **Sources of funds** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

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

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

**Appendix V- Inter-Entity Confirmation Letter**

Name of transferring entity:…………………………………………………………..

Name of beneficiary entity:…………………………………………………………...

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)** | | | | | |
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total  (C)=(A+B) | Remarks |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Total |  |  |  |  |  |
| I confirm that the amounts shown above are correct as of the date indicated.  **Head of Accounts Department - Disbursing Entity:**  **Name …………………………………………. Sign ……………………………. Date** **………………**  **Head of Accounts Department - Beneficiary Entity:**  **Name …………………………………………. Sign ……………………………. Date………………**  \_\_\_\_\_\_\_\_ | | | | | |

**Appendix VI: Reporting of Climate Relevant Expenditures**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Project Name** | **Project Description** | **Project Objectives** | **Project Activities** | **Quarter** | | | | **Source of Funds** | **Implementing Partners** |
| **Q1** | **Q2** | **Q3** | **Q4** |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**Appendix VII: Reporting on Disaster Management Expenditure**

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