*Revised 30th June 2024*

  

**XXX County Bursary Fund/Scheme**

*(Indicate the actual name of the Bursary Fund/Scheme)*

**QUARTERLY REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED SEPTEMBER/DECEMBER/MARCH/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 and Definition of Key Terms

1. **Acronyms**

*CT County Treasury*

*CIDP County Integrated Development Plan*

*ICPAK Institute of Certified Public Accountants of Kenya*

*IPSAS International Public Sector Accounting Standards*

*KSHS            Kenya Shillings*

*PFM Public Finance Management*

*PSASB Public Sector Accounting Standards Board*

*TNT The National Treasury*

*TVETs Technical and Vocational Educational Trainings Institutions*

1. **Definition of Terms**
2. Fiduciary Management - The key management personnel who had financial responsibility.

*Provide a list of Acronyms and Key terms used in the financial report as per the above example.)*

# Key Entity Information and Management

1. **Background information**

*XXX Fund/Scheme* is established by and derives its authority and accountability from XXX Act *(state the Act establishing the County Bursary Fund/Scheme)* on XXXX *(insert date)*. The Fund/Scheme is wholly owned by the County Government of XXX and is domiciled in Kenya.

*(Include any other information relevant to the users of financial information on the background of the Public Fund)*

1. **Principal Activities**

The principal activity/mission/ mandate of the Fund is to …

*(Under this section, you may include the fund’s vision, mission and core objectives)*

1. **Board of Trustees/Fund Administration Committee**

|  |  |  |
| --- | --- | --- |
| **Ref** | **Name** | **Position** |
| 1 | Chairperson |  |
| 2 | Other trustees/Committee Members |  |
| 3 | Fund Manager/ Administrator  |  |
| 4 |  |  |
| 5 |  |  |

***(****Input names of all the members who held office during the period)*

1. **Key Management Team**

|  |  |  |
| --- | --- | --- |
| **Ref** | **Name** | **Position** |
| 1 | Fund Manager/ Scheme Administrator |  |
| 2 | Fund Accountant |  |
| 3 |  |  |
| 4 |  |  |
| 5 |  |  |

*(Include all positions regarded as top management for the Fund).*

**Key Entity and Management (Continued)**

1. **Fiduciary Oversight Arrangements**

*(Provide a high-level description of the key fiduciary oversight arrangements. E.g., County Internal audit, County Assembly Committees, County audit committee.)*

1. **Registered Offices**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

xxx, KENYA

1. **Fund Contacts**

Telephone: (254) XXXXXXXX

E-mail: XXXXXXXX.go.ke

Website: www.xxx.go.ke

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

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

1. Kenya Commercial Bank

…

...

…

*(List all the banks where the fund has accounts)*

**Key Entity and Management (Continued)**

1. **Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

1. **County Attorney** *(insert address)*

# Trustees/ Fund Administration Committee Profiles

|  |  |
| --- | --- |
| **Name** | **Details of qualifications and experience** |
| Insert each Trustee’s passport-size photo and name | Provide a concise description of each Trustee’s date of birth, key academic and professional qualifications, and work experience.  |
| Trustee 2 |  |
| Trustee 3 |  |
| Trustee 4 |  |
| Fund administrator/ Secretary to the Board |  |

# Key Management Team

|  |  |
| --- | --- |
| **Name** | **Details of qualifications and experience** |
| 1. Insert each key Manager’s passport-size photo and name,
 | Provide a concise description of each officer, academic and professional qualifications, and work experience. Also, indicate the main area of responsibility – without details |
| 1. Manager 2
 |  |
| 1. Manager 3
 |  |
| 1. Manager 4
 |  |
| ***Note:*** *The Fund Administrator will feature under both the ‘Board’ and ‘Management’.* |

# Management Discussion and Analysis

Two- three pages

*Under this section, the management gives a report on the operational and financial performance of the Fund for the last 3-5 years. Fund/Scheme’s compliance with statutory requirements, analysis of bursary transfers/scholarships to various institutions, summary breakdown of beneficiaries from each ward/sub counties, major risks facing the Fund/Scheme, material arrears in statutory and other financial obligations, 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.)*

# Statement of Management’s Responsibilities

Section 168 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Administrator of a County Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of *xxxx* Bursary Fund/Scheme is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund/Scheme for and as at the end of the period ended *xxxx.* This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the *xxxx* Bursary Fund/Scheme accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(quote the applicable legislation establishing the County Bursary Fund/Scheme).* The Administrator of the Fund is of the opinion that the Fund/Scheme’s financial statements give a true and fair view of the state of Fund’s transactions during the period ended *xxxx*, and of the Fund/Scheme’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the *xxxx* bursary Fund has assessed the Fund’s ability to continue as a going concern and disclosed as applicable*.* Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund/Scheme*’s* financial statements were approved by the Trustee/Committee on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20xx and signed on its behalf by:

|  |
| --- |
| **………………………………………………….** |
| **Administrator of the *xxxx* Fund** |

# Statement of Financial Performance for the Period Ended Sep/Dec/Mar/June xx, 20xx

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Note** | **Period ended** **Sep\*/Dec\*/Mar\*/June\***  | **Comparative** **Period** |
| **Kshs** | **Kshs** |
| **Revenue** **From** **Non-Exchange** **Transactions** |  |  |  |
| Transfers From the County Government | 1 | xxx | xxx |
| Public Contributions and Donations | 2 | xxx | xxx |
|   |  | **xxx** | **xxx** |
| **Revenue** **From** **Exchange** **Transactions** |  |  |  |
| Finance Income | 3 | xxx | xxx |
| Other income | 4 | **xxx** | **xxx** |
| **Total** **Revenue** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Committee Allowances  | 5 | xxx | xxx |
| Bursary Transfers | 6 | xxx | xxx |
| Scholarship grants | 7 | xxx | xxx |
| Use of goods and services | 8 | xxx | xxx |
| Depreciation and Amortization Expense | 9 | xxx | xxx |
| Finance Costs | 10 | xxx | xxx |
| **Total** **Expenses** |  | **xxx** | **xxx** |
| **Other Gains/Losses** |  |  |  |
| Gain/Loss on Disposal of Assets | 11 | xxx | xxx |
| **Surplus/(Deficit)** f**or** **the** **Period** |  | **xxx** | **xxx** |

|  |  |
| --- | --- |
| **………………………………………** | **…………………………………………** |
| **Name:**  | **Name:**  |
| **Administrator/Accounting Officer**  | **Fund Accountant** |
|  | **ICPAK Member Number:** |

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

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

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

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

*\*Comparative period relates to prior year same period of the report.*

# Statement of Financial Position as at 30 June 20xx

| **Description** | **Note** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| --- | --- | --- | --- |
| **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current** **Assets** |  |  |  |
| Cash and Cash Equivalents | 12 | xxx | xxx |
| Non-exchange receivables  | 13 | xxx | xxx |
| Exchange receivables | 14 | xxx | xxx |
| Prepayments | 15 | xxx | xxx |
| Inventories | 16 | xxx | xxx |
|  **Total current assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Assets** |  |  |  |
| Property, Plant and Equipment | 17 | xxx | xxx |
| Intangible Assets | 18 | xxx | xxx |
| **Total non- current assets** |  | **xxx** | **xxx** |
| **Total** **Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current** **Liabilities** |  |  |  |
| Trade and Other Payables from Exchange Transactions | 19 | xxx | xxx |
| Current Portion of Borrowings | 20 | xxx | xxx |
| **Total current liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Liabilities** |  |  |  |
| Long Term Portion of Borrowings | 20 | xxx | xxx |
|  |  |  |  |
| **Total** **Liabilities** |  | **xxx** | **xxx** |
|   |  |  |  |
| **Net** **Assets** |  |  |  |
| Reserves |  | xxx | xxx |
| Accumulated Surplus |  | xxx | xxx |
| **Total** **Net** **Assets** **and** **Liabilities** |  | **xxx** | **xxx** |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_\_\_\_\_\_\_ 20xx and signed by:

|  |  |
| --- | --- |
| **………………………………………** | **…………………………………………** |
| **Name:**  | **Name:**  |
| **Fund Administrator/Accounting Officer** | **Fund Accountant** |
|  | **ICPAK Member Number:** |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  **Description**  | **Revaluation****Reserve** | **Accumulated surplus** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** |
| **Balance As At 1 July (Previous FY)** | xxx | xxx | xxx |
| Surplus/(Deficit) For the Period | - | xxx | xxx |
| Revaluation Gain | xxx | - | xxx |
| **Balance as at Sep/Dec/March/June Previous year** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |
| **Balance as At 1 July (Current FY)** | **xxx** | **xxx** | **xxx** |
| Surplus/(Deficit) For the Period | - | xxx | xxx |
| Revaluation Gain | xxx | - | xxx |
| **Balance as at Sep/Dec/March/June Current year** | **xxx** | **xxx** | **xxx** |

*(Provide details on the nature and purpose of reserves)*

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Note** | **Current FY** | **Insert** **Comparative FY** |
| **Kshs** | **Kshs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |  |  |
| Transfers From the County Government |  | xxx | xxx |
| Public Contributions and Donations |  | xxx | xxx |
| Finance Income |  | xxx | xxx |
| Other receipts |  | xxx | xxx |
| **Total receipts** |  | **xxx** | **xxx** |
| **Payments** |  |  |  |
| Committee Allowances  |  | xxx | xxx |
| Bursary Transfers |  | xxx | xxx |
| Scholarship grants |  | xxx | xxx |
| Use of goods and services |  | xxx | xxx |
| Finance Costs |  | xxx | xxx |
| Other payments |  | xxx | xxx |
| **Net** **cash** **flows** **from** **operating** **activities**  | 20 | **xxx** | **xxx** |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Purchase of property, plant, equipment  |  | (xxx) | (xxx) |
| Purchase of intangible assets |  | (xxx) | (xxx) |
| Proceeds from sale of property, plant & equipment |  | xxx | xxx |
| **Net** **cash** **flows** **used** **in** **investing** **activities** |  | **(xxx)** | **(xxx)** |
|  |  |  |  |
| **Cash** **flows** **from** **financing** **activities** |  |  |  |
| Proceeds from borrowings |  | xxx | xxx |
| Repayment of borrowings |  | (xxx) | (xxx) |
| **Net** **cash** **flows** **used** **in** **financing** **activities** |  | **(xxx)** | **(xxx)** |
| **Net** **increase/(decrease)** **in** **cash** & **cash** **Equivalents** |  | **xxx** | **(xxx)** |
| Cash and cash equivalents at 1 July |  | xxx | xxx |
| **Cash** **and** **cash** **equivalents** **at** **30 June** |  | **xxx** | **xxx** |

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

# Statement Of Comparison Of Budget And Actual Amounts For The Period endedxx Sep/Dec/Mar/June 20xx

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **Original** **budget** | **Adjustments** | **Final** **budget** | **Actual** **on comparable basis** | **Performance difference** | **% Utilization** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |  |
|  | **a** | **b** | **c=(a+b)** | **d** | **e=(c-d)** | **f=d/c\*100** |
| **Revenue** |  |  |  |  |  |  |
| Transfers From the County Government | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Public Contributions and Donations | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Finance Income | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Other receipts | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| **Total** **Income** | **xxx** | **xxx /(xxx)** | **xxx** | **xxx** | **xxx** |  |
| **Expenses** |  |  |  |  |  |  |
| Committee Allowances  | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Bursary Transfers | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Scholarship grants | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Use of goods and services | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Finance Costs | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| Other payments | xxx | xxx /(xxx) | xxx | xxx | xxx |  |
| **Total** **Expenditure** | **xxx** | **xxx /(xxx)** | **xxx** | **xxx** | **xxx** |  |
| **Surplus** **For** **the** **Period** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |  |
| **Capital expenditure**  | **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 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.*

#  Notes to the Financial Statements

**Significant Accounting Policies**

**1. General Information**

xxx Bursary Fund/Scheme is established by and derives its authority from xxx Act. The entity is wholly owned by the xxx County Government and is domiciled in Kenya. xxx Bursary Fund/Scheme’s principal activity is xxx.

### 2. Statement of compliance and basis of preparation

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

### 3. Adoption of new and revised standards

1. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

| **Standard** | **Effective date and impact** |
| --- | --- |
| **IPSAS 42:** Social Benefits | **Applicable: 1st January 2023**The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.***(State the impact of the standard to the Entity if relevant)*** |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | **Applicable: 1st January 2023**1. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.
2. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
3. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.***(State the impact of the standard to the Entity if relevant)*** |
| Other improvements to IPSAS | ***Applicable 1st January 2023**** *IPSAS 22 Disclosure of Financial Information about the General Government Sector****.***

Amendments to refer to the latest System of National Accounts (SNA 2008).* *IPSAS 39: Employee Benefits*

Now deletes the term composite social security benefits as it is no longer defined in IPSAS.* **IPSAS 29: Financial instruments: Recognition and Measurement**

Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.***State the impact of the standard to the Entity if relevant*** |

1. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

| **Standard** | **Effective date and impact:** |
| --- | --- |
| IPSAS 43 | ***Applicable 1st January 2025***The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. ***State the expected impact of the standard to the Entity if relevant***  |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | ***Applicable 1st January 2025***The Standard requires,Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.***State the expected impact of the standard to the Entity if relevant*** |

1. **Early adoption of standards**

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

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

**Revenue transfers**

Revenues from non-exchange transactions 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.

1. **Revenue from exchange transactions**

**Interest income**

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

1. **Budget information**

The original budget for FY 20xx was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the xxx Bursary Fund/Scheme upon receiving the respective approvals in order to conclude the final budget. The xxx Bursary Fund/Scheme recorded additional appropriations of Kshs. *xx* on the FY 20xx budget following the governing body’s approval.

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

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification plans 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. **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. **Intangible Assets**

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

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

1. **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 irrevocable election at initial recognition for particular investments in equity instruments.

1. **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.

1. **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.

1. **Fair value through net assets/ equity**

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

1. **Fair value through surplus or deficit**

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

1. **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.

1. **Impairment**

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

**Financial liabilities**

**Classification**

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

1. **Inventories**

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

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 xxx Bursary Fund/Scheme 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 xxx Bursary Fund/Scheme 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**

xxx Bursary Fund/Scheme 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 probable.

1. **Contingent assets**

xxx Bursary Fund/Scheme 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 xxx Bursary Fund/Scheme 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 xxx Bursary Fund/Scheme 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 xxx Bursary Fund/Scheme 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. **Foreign currency transactions**

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

1. **Borrowing costs**

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

1. **Related parties**

The xxx Bursary Fund/Scheme 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 xxx Bursary Fund/Scheme, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund/Scheme administrator and senior managers.

1. **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

1. **Comparative figures**

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

### 5. Significant judgments and sources of estimation uncertainty

The preparation of the xxx Bursary Fund/Scheme 's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

**a) Estimates and assumptions –**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

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

* The condition of the asset based on the assessment of experts employed by the Entity
* The nature of the asset, its susceptibility and adaptability to changes in technology and processes
* The nature of the processes in which the asset is deployed
* Availability of funding to replace the asset
* Changes in the market in relation to the asset

**c) Provisions**

 Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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

**6. Notes To The Financial Statements Continued**

### Transfers from County Government

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Transfers From XX Department  | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

### Public Contributions and Donations

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Donation From Development Partners | xxx | xxx |
| Contributions From the Public | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

### Finance income

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative** **period** |
| **Kshs** | **Kshs** |
| Interest Income on Bank Deposits | xxx | xxx |
| Others *(Specify)* | xxx | xxx |
| **Total** finance **Income** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

### Other income

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative** **period** |
| **Kshs** | **Kshs** |
| Cheque write backs | xxx | xxx |
| Others *(Specify)* | xxx | xxx |
| **Total** **Other** **Income** | **xxx** | **xxx** |

### Committee Allowances

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Chairman’s Honoraria | xxx | xxx |
| Sitting allowances | xxx | xxx |
| Daily subsistence allowance | xxx | xxx |
| Airtime allowance | xxx | xxx |
| Other allowances *(Specify)* | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

1. **Bursary Transfers**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Universities | xxx | xxx |
| TVETs and Colleges | xxx | xxx |
| Secondary schools | xxx | xxx |
| Other (*Specify)* | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

1. **Scholarship grants**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Universities | xxx | xxx |
| TVETs and Colleges | xxx | xxx |
| Secondary schools | xxx | xxx |
| Other (*Specify)* | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

1. **Use of Goods and Services**

| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| --- | --- | --- |
| **Kshs.** | **Kshs.** |
| Electricity and water expenses | xxx | xxx |
| Fuel and oil costs | xxx | xxx |
| Insurance costs | xxx | xxx |
| Postage and courier | xxx | xxx |
| Printing and stationery | xxx | xxx |
| Rental costs | xxx | xxx |
| Security costs | xxx**.** | xxx. |
| Telephone and communication expenses | xxx | xxx |
| Transport costs | xxx | xxx |
| Daily subsistence allowance | xxx | xxx |
| Conference costs | xxx | xxx |
| Bank charges | xxx | xxx |
| Audit fees | xxx | xxx |
| Other (*Specify*) | xxx | xxx |
| Total | xxx | xxx |

### Depreciation and Amortization Expense

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs.** | **Kshs.** |
| Property Plant and Equipment | xxx | xxx |
| Intangible Assets | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

### Finance costs

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Interest On Bank Overdrafts | xxx | xxx |
| Interest On Loans From Banks | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

### Gain/(loss) on disposal of assets

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Property, Plant and Equipment | xxx | xxx |
| Intangible Assets | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

### Cash and cash equivalents

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Current Account | xxx | xxx |
| Fixed Deposits Account | xxx | xxx |
| On – Call Deposits | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total** **Cash** **And** **Cash** **Equivalents** | **xxx** | **xxx** |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial Institution** | **Account number** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| 1. **Current Account**
 |  |  |  |
| Kenya Commercial Bank |  | xxx | xxx |
| XXX Bank  |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| 1. **Fixed Deposits Account**
 |  |  |  |
| Kenya Commercial Bank |  | xxx | xxx |
| Equity Bank, Etc. |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| 1. **On - Call Deposits**
 |  |  |  |
| Kenya Commercial Bank |  | xxx | xxx |
| Equity Bank - Etc. |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| 1. **Others(Specify)**
 |  | xxx | xxx |
| Cash In Transit |  | xxx | xxx |
| Cash In Hand |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Grand Total** |  | **xxx** | **xxx** |

### Non-Exchange Receivables

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Revenue receivable | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total non-exchange receivables** | **xxx** | **xxx** |

### Exchange Receivables

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Interest receivable | xxx | xxx |
| Others *(Specify)* | xxx | xxx |
| **Total exchange receivables** | **xxx** | **xxx** |

### Prepayments

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Prepaid Rent | xxx | xxx |
| Prepaid Insurance | xxx | xxx |
| Prepaid Electricity Costs | xxx | xxx |
| Other Prepayments *(Specify*) | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

### Inventories

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Consumable Stores | xxx | xxx |
| Other Inventories *(Specify)* | xxx | xxx |
| **Total** **Inventories** a**t** **The** **Lower** o**f** **Cost** a**nd** **Net** **Realizable** **Value** | **xxx** | **xxx** |

### Property, plant and equipment

|  | **Land** | **Buildings** | **Motor vehicles** | **Furniture and fittings** | **Computers and****office equipment** | **Others(Specify)** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Depreciation rate** |  | **X%** | **X%** | **X%** | **X%** | **X%** |  |
| **Cost** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **At 1st July (Previous FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx | xxx | xxx | **xxx** |
| Disposals | xxx | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfers/Adjustments | xxx | xxx | xxx | xxx | xxx | xxx | **(xxx)** |
| **At 30th June (Previous FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **On 1st July (Current FY)** |  |  |  |  |  |  |  |
| Additions | xxx | xxx | xxx | xxx | xxx | xxx | **xxx** |
| Disposals | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfer/Adjustments | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| **As at Sep/Dec/Mar/June (Current FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation And Impairment** |  |  |  |  |  |  |  |
| At 1st July (**Previous** FY) | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Depreciation | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Impairment | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| **At 30th June (Previous FY)** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 1st July (Current FY)** |  |  |  |  |  |  |  |
| Depreciation | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Disposals | - | xxx | xxx | xxx | xxx | xxx | **xxx** |
| Impairment | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfer/Adjustment | - | xxx | xxx | xxx | xxx | xxx | **xxx** |
| **As at Sep/Dec/Mar/June (Current FY)** | **-** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Net Book Values** |  |  |  |  |  |  |  |
| **At 30th June (Previous FY)** | **xxx** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As of Sep/Dec/Mar/June (Current FY)** | **xxx** |  | **xxx** | **xxx** | **xxx** |  | **xxx** |

### Intangible assets

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **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 |
| **At End of The Year** | xxx | xxx |
| Impairment Loss | xxx | xxx |
| **At End of The Year** | **xxx** | **xxx** |
| **NBV** | **xxx** | **xxx** |

### Trade and other payables from exchange transactions

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Trade Payables | xxx | xxx |
| Accrued Expenses | xxx | xxx |
| Other Payables | xxx | xxx |
| **Total** **Trade** a**nd** **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** |  |

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

### Borrowings

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| **Balance at beginning of the period** | **xxx** | **xxx** |
| Domestic borrowings during the year | xxx | xxx |
| Repayments of domestic borrowings during the Period | (xxx) | (xxx) |
| **balance at end of the period** | **xxx** | **xxx** |

The table below shows the classification of domestic borrowings:

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Loan From KCB | xxx | xxx |
| Loan from Barclays Bank | xxx | xxx |
| Loan from Consolidated Bank | xxx | xxx |
| Borrowings from other Government entities | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total balance at end of the period** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Short Term Borrowings (Current Portion) | xxx | xxx |
| Long Term Borrowings | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)*

### Cash generated from operations

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
|  **Surplus/ (Deficit) For the Year Before Tax** | **xxx** | **xxx** |
| **Adjusted For:** |  |  |
| Depreciation  | xxx | xxx |
| Amortisation | xxx | xxx |
| Gains/ Losses On Disposal Of Assets | (xxx) | (xxx) |
| Interest Income | (xxx) | (xxx) |
| Finance Cost | xxx | xxx |
| **Working Capital Adjustments** |  |  |
| Increase In Inventory | (xxx) | (xxx) |
| Increase In Receivables | (xxx) | (xxx) |
| Increase In Payables | 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 operating activities)*

**Notes To The Financial Statements (Continued)**

### Related party balances

1. **Nature of related party relationships**

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

1. The County Government;
2. The Parent County
3. Board of Trustees; etc.
4. **Related party transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Transfers from related parties’ | xxx | xxx |
| Transfers to related parties | xxx | xxx |

1. **Key management remuneration**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Board of Trustees | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Due from related parties**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Due From Parent Ministry | xxx | xxx |
| Due From County Government | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Other Disclosures Continued**

1. **Due to related parties**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Due to Parent County Department | xxx | xxx |
| Due to County Government | xxx | xxx |
| Due to Key Management Personnel | xxx | xxx |
| **Total** | **xxx** | **xxx** |

### Contingent assets and contingent liabilities

|  |  |  |
| --- | --- | --- |
| **Contingent Liabilities** | **Period ended** **Sep/Dec/Mar/June** | **Comparative period** |
| **Kshs** | **Kshs** |
| Court Case xx Against the Fund | xxx | xxx |
| Bank Guarantees  | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Give details)*

### Financial risk management

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

1. **Credit risk**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Total amount****Kshs** | **Fully performing****Kshs** | **Past due****Kshs** | **Impaired****Kshs** |
| **As at Sep/Dec/Mar/June (Current Year)** |  |  |  |  |
| 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 30th June (Previous Year)** |  |  |  |  |
| 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)*

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 recognized 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 xxxx

The board of trustees sets the Fund/Scheme’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 Fund/Scheme Administrator, who has built an appropriate liquidity risk management framework for the management of the entity’s short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund/Scheme 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 *xx* 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 Sep/Dec/Mar/June (Current Year)** |  |  |  |  |
| Trade Payables | xxx | xxx | xxx | xxx |
| Current Portion of Borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| **Total** |  |  |  |  |
| **As at 30 June (Previous FY)** | xxx | xxx | xxx | xxx |
| Trade Payables | xxx | xxx | xxx | xxx |
| Current Portion of Borrowings | xxx | xxx | xxx | xxx |
| Provisions | **xxx** | **xxx** | **xxx** | **xxx** |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

1. **Market risk**

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

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

The Fund/Scheme’s finance department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

1. **Foreign currency risk**

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** |  | **Other currencies** | **Total** |
| **Kshs** | **Kshs** | **Kshs** |
| **As at Sep/Dec/Mar/June (Current Year)** |  |  |  |
| Cash | xxx | xxx | xxx |
| Debtors/ Receivables | xxx | xxx | xxx |
| **Liabilities** |  |  |  |
| Trade And Other Payables | xxx | xxx | xxx |
| Borrowings | xxx | xxx | xxx |
| **Net Foreign Currency Asset/(Liability)** | **xxx** | **xxx** | **xxx** |

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

**Foreign currency sensitivity analysis**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Change in****currency rate** | **Effect on surplus/ deficit** | **Effect on****equity** |
|  | **Kshs** | **Kshs** |
| **(Current FY)** |  |  |  |
| Euro | x% | xxx | xxx |
| USD | x% | xxx | xxx |
| Other *(Specify)* | x% | xxx | xxx |
| **(Comparative FY)** |  |  |  |
| Euro | x% | xxx | xxx |
| USD | x% | xxx | xxx |
| Other *(Specify)* | x% | 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 Fund /Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund’s deposits.

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund/Scheme 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 (20xx: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx-1 – Kshs xxx).

**Notes To The Financial Statements (Continued)**

1. **Capital risk management.**

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Period as at** **Sep/Dec/Mar/June** | **Audited** **Prior year** |
| **Kshs** | **Kshs** |
| Revaluation reserve | xxx | xxx |
| Accumulated surplus | 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% |

### Currency

The financial statements are presented in Kenya Shillings (Kshs).