Revised Template June 2019



**XXX COUNTY XXX FUND/BOARD**

*(Indicate actual name of the County and Fund)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIALYEAR ENDED**

**JUNE 30, 2019**

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

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# KEY ENTITY INFORMATION AND MANAGEMENT

1. **Background information**

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

The fund’s objective is to ….

The Fund’s principal activity is xxx….

*(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 |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
| 5 |  |  |

***(****This section will be applicable for Public Funds that have a Board of Trustees/Fund Administration Committee. Input names of all the members who held office during the period)*

1. **Key Management**

|  |  |  |
| --- | --- | --- |
| **Ref** | **Name** | **Position** |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
| 5 |  |  |

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

1. **Registered Offices**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

Nairobi, 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)*

1. **Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)

|  |  |
| --- | --- |
| **Name** | **Details of qualifications and experience** |
| 1. 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. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable. |
| 1. Trustee 2
 |  |
| 1. Trustee 3
 |  |
| 1. Trustee 4
 |  |
| 1. Etc.
 |  |

# 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 Trustee’s date of birth, key 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
 |  |
| 1. Etc.
 |  |
| ***Note:*** *The Fund Administrator will feature under both the ‘Board’ and ‘Management’.* |

# BOARD/FUND CHAIRPERSON’S REPORT

Put a forward note by the Chairperson of the corporate governance body responsible for the Public Fund. Where no such body exists, include a forward note by the CEC under whose department the Public Fund was established. May include information such as:

* Changes in the Fund during the year (in terms of the board or key management team)
* Review of the Fund’s performance
* Future outlook of the Fund
* Any other matters deemed necessary
* A conclusion

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-

<Name of Chairperson>

*(This report is a summarised overview of the fund and should be like 1 page)*

# REPORT OF THE FUND ADMINISTRATOR

*(Under this section, the Fund Administrator will give his report, which highlights the same issues as the Chairman in a more detailed format, usually 2 to 3 pages. The Fund Administrator may also mention at a high level the financial performance of the Fund).*

The Fund Administrator should sign the Fund Administrator report.

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-

<Name of Fund Administrator>

# CORPORATE GOVERNANCE STATEMENT

Two-to-three pages

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

# MANAGEMENT DISCUSSION AND ANALYSIS

Two- three pages

*(Under this section, the management gives a report on the operational and financial performance of the Fund/Board during the period, entity’s key projects or investments decision implemented or ongoing, Fund’s compliance with statutory requirements, major risks facing the Fund, 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.)*

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Two-to-three pages

*(The Fund gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation conserves the environment, promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives).*

*Where no CSR activities are undertaken during the year, there is no need to include the statement).*

# REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

**Principal activities**

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

**Results**

The results of the Fund for the year ended June 30, 2019 are set out on page ….

**Trustees**

The members of the Board of Trustees who served during the year are shown on page xxx (*refer to the key entity information and management page)*. The changes in the Board during the financial year are as shown below:

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund 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, 2019 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

XXX

Member of the Board

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# STATEMENT OF MANAGEMENT’S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the 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 the County Public Fund 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 for and as at the end of the financial year ended on June 30, 2019. 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 County Public Fund 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 Public Fund).* The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2018, and of the Fund’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 County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. 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*’s* financial statements were approved by the Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2019 and signed on its behalf by:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Administrator of the County Public Fund

# REPORT OF THE INDEPENDENT AUDITOR

# FINANCIAL STATEMENTS

## **STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2018/2019** | **2017/2018** |
|  |  | **KShs** | **KShs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |
| Public contributions and donations | 1 | xxx  | xxx  |
| Transfers from the County Government | 2 | xxx  | xxx  |
| Fines, penalties and other levies | 3 | xxx | xxx |
|   |  | **xxx**  | **xxx**  |
| **Revenue** **from** **exchange** **transactions** |  |   |   |
| Interest income | 4 | xxx  | xxx  |
| Other income | 5 | xxx  | xxx  |
|   |  | **xxx** | **xxx**  |
| **Total** **revenue** |  | **xxx**  | **xxx**  |
| **Expenses** |  |   |   |
| Fund administration expenses | 6 | xxx  | xxx |
| General expenses | 7 | xxx  | xxx  |
| Finance costs | 8 | xxx  | xxx  |
| **Total** **expenses** |  | **xxx**  | **xxx**  |
| **Other gains/losses** |  |  |  |
| Gain/loss on disposal of assets | 9 |  |  |
| **Surplus/( deficit)** **for** **the** **period** |  | **xxx**  | **xxx**  |

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

## **STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2018/2019** | **2017/2018** |
|  |  | **KShs** | **KShs** |
| **Assets** |  |  |  |
| **Current** **assets** |  |   |   |
| Cash and cash equivalents | 10 | xxx | xxx |
| Current portion of long term receivables from exchange transactions | 11 | xxx | xxx |
| Prepayments | 12 | xxx | xxx |
| Inventories | 13 | xxx | xxx |
|   |  | **xxx**  | **xxx**  |
| **Non-current** **assets** |  |   |   |
| Property, plant and equipment | 14 | xxx | xxx |
| Intangible assets | 15 | xxx | xxx |
| Long term receivables from exchange transactions | 11 | xxx | xxx |
|   |  | **xxx** | **xxx** |
| **Total** **assets** |  | **xxx** | **xxx** |
| **Liabilities** |  |   |   |
| **Current** **liabilities** |  |   |   |
| Trade and other payables from exchange transactions | 16 | Xxx | xxx |
| Provisions  | 17 | Xxx | xxx |
| Current portion of borrowings | 18 | Xxx | xxx |
| Employee benefit obligations | 19 | Xxx | xxx |
|   |  | Xxx | xxx |
| **Non-current** **liabilities** |  |   |   |
| Non-current employee benefit obligation | 19 | Xxx | xxx |
| Long term portion of borrowings | 18 | Xxx | xxx |
|   |  |  |  |
| **Total** **liabilities** |  | **Xxx** | **xxx** |
|   |  |  |  |
| **Net** **assets** |  | **Xxx** | **xxx** |
| Revolving Fund |  | Xxx | xxx |
| 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 \_\_\_\_\_\_\_\_\_\_\_ 2019 and signed by:

Administrator of the Fund Fund Accountant

Name: Name:

 ICPAK Member Number:

## **STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | **Revolving Fund** | **Revaluation** **Reserve** | **Accumulated surplus** | **Total** |
|   |  | **KShs**  | **KShs**  | **KShs**  |
|   |  |   |   |   |
| **Balance as at 1 July 2017** | xxx | xxx  | xxx  | xxx  |
| Surplus/(deficit) for the period | - | - | xxx  | xxx  |
| Funds received during the year | xxx | - | - | Xxx |
| Revaluation gain | - | xxx | - | Xxx |
| **Balance** **as** **at** **30 June 2018** | **xxx** | **xxx**  | **xxx**  | **xxx**  |
|  |  |  |  |  |
| **Balance as at 1 July 2018** | **xxx** | **xxx**  | **xxx**  | **xxx**  |
| Surplus/(deficit) for the period |  | - | xxx  | xxx  |
| Funds received during the year | xxx | - | - | xxx |
| Revaluation gain | - | xxx | - | xxx |
| **Balance** **as** **at** **30 June 2019** | **xxx** | **xxx**  | **xxx**  | **xxx**  |

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

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2018/2019** | **2017/2018** |
|  |  | **KShs** | **KShs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |   |   |
| Public contributions and donations |  | xxx  | xxx  |
| Transfers from the County Government |  | xxx  | xxx  |
| Interest received |  | xxx  | xxx  |
| Receipts from other operating activities |  | xxx  | xxx  |
| **Total Receipts** |  | **xxx**  | **xxx**  |
| **Payments** |  |   |   |
| Fund administration expenses |  | xxx  | xxx  |
| General expenses |  | xxx  | xxx  |
| Finance cost |  | xxx  | xxx  |
| **Total Payments** |  | **xxx**  | **xxx**  |
| **Net** **cash** **flows** **from** **operating** **activities**  | 25 | **xxx**  | **xxx**  |
| **Cash flows from investing activities** |  |   |   |
| Purchase of property, plant, equipment and intangible assets |  | (xxx) | (xxx) |
| Proceeds from sale of property, plant and equipment |  | xxx  | xxx  |
| Proceeds from loan principal repayments |  | xxx | xxx |
| Loan disbursements paid out |  | (xxx) | (xxx) |
| **Net** **cash** **flows** **used** **in** **investing** **activities** |  | **(xxx)** | **(xxx)** |
| **Cash** **flows** **from** **financing** **activities** |  |   |   |
| Proceeds from revolving fund receipts |  | xxx | xxx |
| Additional borrowings |  | xxx | xxx |
| Repayment of borrowings |  | (xxx) | (xxx) |
| **Net** **cash** **flows** **used** **in** **financing** **activities** |  | **(xxx)** | **(xxx)** |
| **Net** **increase/(decrease)** **in** **cash** **and** **cash equivalents** |  | **xxx**  | **(xxx)** |
| Cash and cash equivalents at 1 JULY | 15 | xxx  | xxx  |
| **Cash** **and** **cash** **equivalents** **at** **30 JUNE** | 15 | **xxx**  | **xxx**  |

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

## **STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | **Original** **budget** | **Adjustments** | **Final** **budget** | **Actual** **on comparable basis** | **Performance difference** | **% utilisation** |
|   | **2019** | **2019** | **2019** | **2019** | **2019** | **2019** |
| **Revenue** | **KShs**  | **KShs**  | **KShs**  | **KShs**  | **KShs**  |  |
| Public contributions and donations | xxx  | (xxx) | xxx  | xxx  | (xxx) |  |
| Transfers from County Govt. |  |  |  |  |  |  |
| Interest income | xxx  | - | xxx  | xxx  | (xxx) |  |
| Other income | xxx  | - | xxx  | xxx  | xxx  |  |
| **Total** **income** | **xxx**  | **(xxx)** | **xxx**  | **xxx**  | **(xxx)** |  |
|  |  |  |  |  |  |  |
| **Expenses** |   |   |   |   |   |  |
| Fund administration expenses | xxx  | - | xxx  | xxx  | (xxx) |  |
| General expenses | xxx  | (xxx) | xxx  | xxx  | (xxx) |  |
| Finance cost | xxx  | (xxx) | xxx  | xxx  | (xxx) |  |
| **Total** **expenditure** | **xxx**  | **(xxx)** | **xxx**  | **xxx**  | **(xxx)** |  |
| **Surplus** **for** **the** **period** | **xxx**  | **xxx**  | **xxx**  | **xxx**  | **xxx**  |  |

**Budget notes**

1. *Provide explanation of differences between actual and budgeted amounts (10% over/ under) 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.*

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### Adoption of new and revised standards

1. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

| **Standard** | **Impact** |
| --- | --- |
| **IPSAS 40:**Public Sector Combinations | **Applicable: 1st January 2019**The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.*(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 2019**

| **Standard** | **Effective date and impact:** |
| --- | --- |
| **IPSAS 41:** Financial Instruments | **Applicable: 1st January 2022:**The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.*(State the impact of the standard to the entity if relevant)* |
| **IPSAS 42:** Social Benefits | **Applicable: 1st January 2022**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)* |

1. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2019.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### Revenue recognition

1. **Revenue from non-exchange transactions**

**Transfers from other government entities**

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

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.

### Budget information

The original budget for FY 2018/2019 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxxxx on the FY 2018/2019 budget following the governing body’s approval.

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

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### 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.

### 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.

### Financial instruments

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

* The debtors or a entity of debtors are experiencing significant financial difficulty
* Default or delinquency in interest or principal payments
* The probability that debtors will enter bankruptcy or other financial reorganization
* Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

### Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

### 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.*

### 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.

### Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

### 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### 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.

### Related parties

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

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### Comparative figures

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

### Events after the reporting period

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

### Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act *(state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

###  Currency

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### Significant judgments and sources of estimation uncertainty

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

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

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### Financial risk management

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

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

1. **Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity’s management based on prior experience and their assessment of the current economic environment.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Total amount****KShs** | **Fully performing****KShs** | **Past due****KShs** | **Impaired****KShs** |
| **At 30 June 2019** |  |  |  |  |
| 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** |
|  |  |  |  |  |
| **At 30 June 2018** |  |  |  |  |
| 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)***

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

1. **Liquidity risk management**

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

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Less than 1 month** | **Between 1-3 months** | **Over 5 months** | **Total** |
|  | **KShs** | **KShs** | **KShs** | **KShs** |
| **At 30 June 2019** |  |  |  |  |
| Trade payables | xxx | xxx | xxx | xxx |
| Current portion of borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Employee benefit obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30 June 2018** |  |  |  |  |
| Trade payables | xxx | xxx | xxx | xxx |
| Current portion of borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Employee benefit obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

1. **Market risk**

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

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

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

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

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 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:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Other currencies** | **Total** |
|  | **KShs** | **KShs** | **KShs** |
| **At 30 June 2019** |  |  |  |
| Financial assets  | xxx | xxx | xxx |
| Investments | xxx | xxx | xxx |
| Cash | xxx | xxx | xxx |
| Debtors/ receivables |  |  |  |
| **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.*

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign currency sensitivity analysis**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Change in** **currency rate** | **Effect on surplus/ deficit** | **Effect on** **equity** |
|  | **KShs** | **KShs** | **KShs** |
| **2019** |  |  |  |
| Euro | 10% | xxx | xxx |
| USD | 10% | xxx | xxx |
| **2018** |  |  |  |
| Euro | 10% | xxx | xxx |
| USD | 10% | 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 to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund’s deposits.

*Management of interest rate risk*

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

*Sensitivity analysis*

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2019: KShs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2018 – KShs xxx)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

|  |  |  |
| --- | --- | --- |
|  | **2019** | **2018** |
|  | **KShs** | **KShs** |
| Revaluation reserve | xxx | xxx |
| Revolving fund | 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% |

## **NOTES TO THE FINANCIAL STATEMENTS**

### Public contributions and donations

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Donation from development partners | xxx | xxx |
| Contributions from the public | xxx | xxx |
| **Total** | **xxx** | **xxx** |

(Provide brief explanation for this revenue)

### Transfers from County Government

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Transfers from County Govt. – operations | xxx | xxx |
| Payments by County on behalf of the entity | xxx | xxx |
| **Total** | **xxx** | **xxx** |

### Fines, penalties and other levies

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Late payment penalties | xxx | xxx |
| Fines | xxx | xxx |
| **Total** | **xxx** | **xxx** |

(Provide brief explanation for this revenue)

### Interest income

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Interest income from Mortgage loans | xxx | xxx |
| Interest income from car loans | xxx | xxx |
| Interest income from investments | xxx | xxx |
| Interest income on bank deposits | xxx | xxx |
| **Total** **interest income** | **xxx** | **xxx** |

(Provide brief explanation for this revenue)

### Other income

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Insurance recoveries | xxx | xxx |
| Income from sale of tender documents | xxx | xxx |
| Miscellaneous income |  |  |
| **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 recognise income not elsewhere classified).

### Fund administration expenses

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Staff costs (Note 7) | xxx | xxx |
| Loan processing costs | xxx | xxx |
| Professional services costs | xxx | xxx |
| Administration fees | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

### Staff costs

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Salaries and wages | xxx | xxx |
| Staff gratuity | xxx | xxx |
| Staff training expenses | xxx | xxx |
| Social security contribution | xxx | xxx |
| Other staff costs | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### General expenses

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Consumables | xxx | xxx |
| Electricity and water expenses | xxx | xxx |
| Fuel and oil costs | xxx | xxx |
| Insurance costs | xxx | xxx |
| Postage | xxx | xxx |
| Printing and stationery | xxx | xxx |
| Rental costs | xxx | xxx |
| Security costs | xxx | xxx |
| Telecommunication | xxx | xxx |
| Bank Charges | xxx | xxx |
| Hospitality | xxx | xxx |
| Depreciation and amortization costs | xxx | xxx |
| Other expenses | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### Finance costs

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **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** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Property, plant and equipment | xxx | xxx |
| Intangible assets | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

### Cash and cash equivalents

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Xxx Car loan account | xxx | xxx |
| Xxx County mortgage account | xxx | xxx |
| Fixed deposits account | xxx | xxx |
| On – call deposits | xxx | xxx |
| Current account | xxx | xxx |
| Others | 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)*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2018/2019** | **2017/2018** |
| **Financial institution** | **Account number** | **KShs** | **KShs**  |
| 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. **Current account**
 |  |   |   |
| Kenya Commercial bank |  | xxx | xxx |
| Bank B |  | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** |
|   |  |   |   |
| 1. **Others(specify)**
 |  | xxx | xxx |
| Cash in transit |  | xxx | xxx |
| Cash in hand |  | xxx | xxx |
| M Pesa |  | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** |
| **Grand total** |  | **xxx** | **xxx** |

### Receivables from exchange transactions

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| **Current Receivables** |  |  |
| Interest receivable | xxx | xxx |
| Current loan repayments due | xxx | xxx |
| Other exchange debtors | 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** |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### Prepayments

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **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** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Consumable stores | xxx | xxx |
| Spare parts and meters | xxx | xxx |
| Catering | xxx | xxx |
| Other inventories(specify) | xxx | xxx |
| **Total** **inventories** **at** **the** **lower** **of** **cost** **and** **net** **realizable** **value** | **xxx** | **xxx** |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### Property, plant and equipment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Land and** **Buildings** | **Motor vehicles** | **Furniture and fittings** | **Computers and** **office equipment** | **Total** |
| **Cost** | **KShs** | **KShs** | **KShs**  | **KShs**  | **KShs**  |
| **At 1st July 2017** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | **-** | **xxx** |
| Disposals | (xxx) | (xxx) | **-** | **-** | **(xxx)** |
| Transfers/adjustments | xxx | (xxx) | **xxx** | (xxx) | **(xxx)** |
| **At 30th June 2018** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 1st July 2018** |  |  |  |  |  |
| Additions | xxx | xxx | xxx | - | **xxx** |
| Disposals | (xxx) | - | - | - | **(xxx)** |
| Transfer/adjustments | (xxx) | xxx | xxx | (xxx) | **(xxx)** |
| **At 30th June 2019** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation and impairment** |  |  |  |  |  |
| At 1st July 2017 | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Depreciation | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Impairment | (xxx) | - | - | - | **(xxx)** |
| **At 30th June 2018** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 1st July 2018** |  |  |  |  |  |
| Depreciation | (xxx) | (xxx) | (xxx) | - | **(xxx)** |
| Disposals | xxx | - | - | - | **xxx** |
| Impairment | (xxx) | (xxx) | - | - | **(xxx)** |
| Transfer/adjustment | xxx | (xxx) | (xxx) | xxx | **xxx** |
| **At 30th June 2019** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Net book values** |  |  |  |  |  |
| **At 30th June 2018** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30th June 2019** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### Intangible assets-software

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **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** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| Trade payables | xxx | xxx |
| Refundable deposits | xxx | xxx |
| Accrued expenses | xxx | xxx |
| Other payables | xxx | xxx |
| **Total** **trade** **and** **other** **payables** | **xxx** | **xxx** |

###  Provisions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Leave provision** | **Bonus provision** | **Other provision** | **Total** |
|  | **KShs** | **KShs** | **KShs** | **KShs**  |
| Balance at the beginning of the year(1.07.2018) | xxx | xxx | xxx | xxx |
| Additional Provisions | xxx | xxx | xxx | xxx |
| Provision utilised | (xxx) | (xxx) | (xxx) | (xxx) |
| Change due to discount and time value for money | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers from non -current provisions | xxx | xxx | xxx | xxx |
| **Balance at the end of the year (30.06.2019)** | **xxx** | **xxx** | **xxx** | **xxx** |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### Borrowings

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| **Balance at beginning of the period** | **xxx** | **xxx** |
| External borrowings during the year | xxx | xxx |
| Domestic borrowings during the year | xxx | xxx |
| Repayments of external borrowings during the period | (xxx) | (xxx) |
| Repayments of domestics borrowings during the period | (xxx) | (xxx) |
| **Balance at end of the period** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
|  | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs**  |
| **External Borrowings** |  |  |
| Dollar denominated loan from ‘xxx organisation’ | xxx | xxx |
| Sterling Pound denominated loan from ‘yyy organisation’ | xxx | xxx |
| Euro denominated loan from zzz 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 |
| Borrowings from other government institutions | xxx | xxx |
| **Total balance at end of the year** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **2018/2019** | **2017/2018** |
|  | **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 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### Employee benefit obligations

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Defined benefit plan** | **Post employment medical benefits** | **Other Provisions** | **Total** |
|  | **KShs** | **KShs** | **KShs** | **KShs**  |
| Current benefit obligation | xxx | xxx | xxx | xxx |
| Non-current benefit obligation | xxx | xxx | xxx | xxx |
| **Total** **employee benefits obligation** | xxx | xxx | xxx | xxx |

### Cash generated from operations

|  |  |  |
| --- | --- | --- |
|  | **2018/2019** | **2017/2018** |
|  | **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)***

### Related party balances

1. **Nature of related party relationships**

Entities and other parties related to the Fund 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 Government Ministry;
3. Key management;
4. Board of Trustees; etc

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

1. **Related party transactions**

|  |  |  |
| --- | --- | --- |
|  | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs** |
| Transfers from related parties’ | xxx | xxx |
| Transfers to related parties | xxx | xxx |

1. **Key management remuneration**

|  |  |  |
| --- | --- | --- |
|  | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs** |
| Board of Trustees | xxx | xxx |
| Key Management Compensation | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Due from related parties**

|  |  |  |
| --- | --- | --- |
|  | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs** |
| Due from parent Ministry | xxx | xxx |
| Due from County Government | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Due to related parties**

|  |  |  |
| --- | --- | --- |
|  | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs** |
| Due to parent Ministry | 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** | **2018/2019** | **2017/2018** |
|  | **KShs** | **KShs** |
| Court case xxx against the Fund | xxx | xxx |
| Bank guarantees  | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Give details)*

# PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

***Guidance Notes:***

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