*Issued 30th June 2022*



*(Insert the Entities Logo)*

**XXX CAR LOAN/ MORTGAGE FUND/SCHEME**

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30TH JUNE 2022**

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# Key Fund information and management

1. **Background information**

xxx Fund is established by and derives its authority and accountability from xxx Act *(state the Act/legal instrument establishing the Fund)* on xxx *(insert date)*. The Fund is wholly owned by XXX Fund and is domiciled in Kenya.

1. **Principal Activities**

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

The Fund is administered by the xxx. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

xxx is responsible for the day-to-day operations.

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

*(Under this section you may also include the Fund’s vision, mission, and core objectives, include fund organogram where applicable)*

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

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

***(****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** | **Position** | **Name** |
| 1 | Fund Manager/ Administrator |  |
| 2 | Fund Accountant |  |
| 3***.*** | Other (*specify*) |  |

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

1. **Fiduciary Oversight Arrangements**

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

|  |  |  |
| --- | --- | --- |
| **Ref** | **Position** | **Name** |
| 1 | Directorate Internal Audit |  |
| 2 | Staff car Mortgage and car Loan Advisory Committee |  |

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: xxx.com

Website: xxx.go.ke

1. **Fund Bankers**

1. xxx Bank

2. Other Commercial Banks

*(List the bank details where the fund has accounts)*

**Independent Auditors**

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# The Board of Trustees/ Fund Administration Committee

|  |  |
| --- | --- |
| **Name** | **Details of qualifications and experience** |
| 1. Trustee 1 (*passport-size photo and name)* | Provide a concise description of each Trustee’s age, date of appointment, 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. Fund administrator/ Secretary to the Board |  |

# Management Team

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

# Chairman’s Report

(One-two pages)

*(The chairperson to give a statement indicating the successes made, challenges faced, future outlook among other relevant details.*

*(The report to be signed by the Chairman).*

# Report Of the Fund Manager/ 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 1 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).*

# Statement Of Performance Against Predetermined Objectives

***Guidance***

**Introduction**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Fund’s performance against predetermined objectives.

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

Pillar /theme/issue 1:

Pillar/theme/issue 2:

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

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

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

# Corporate Governance Statement

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

***(Under this section, include the following where applicable:***

1. *Process of appointment and removal of Trustees/ Administration Committee members,*
2. *Roles and functions of the Administration Committee members,*
3. *Number of Fund Administration Committee meetings held and the attendance to those meetings by members,*
4. *Succession plan,*
5. *Existence of a service charter,*
6. *Induction and training, Administration Committee members and member’s performance,*
7. *Conflict of interest,*
8. *Board remuneration,*
9. *Ethics and conduct as well as governance audit undertaken if any)*

# Management Discussion and Analysis

**(Two- three pages)**

*(Under this section, the management gives a report:*

1. *on the operational and financial performance of the Fund during the period,*
2. *Fund’s key projects or investments decision implemented or ongoing,*
3. *Fund’s compliance with statutory requirements,*
4. *major risks facing the Fund, material arrears in statutory and other financial obligations, and*
5. *any other information considered relevant to the users of the financial statements.)*

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

# Environmental And Sustainability reporting

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

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

# Report of The Trustees/ Fund Administration Committee

The Trustees/Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Fund affairs.

**Principal activities**

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

**Performance**

The performance of the Fund for the year ended June 30, 2022, is set out on page ….

**Trustees**

The members of the Board of Trustee / *Administration Committee* who served during the year are shown on page xxx (*refer to the key Fund information and management page)*.

**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.

By Order of the Board

|  |
| --- |
| **…………………………………….** |
| **Chair of the Board/ Fund Administration Committee** |

# Statement of Management’s Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a 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 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, 2022. 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 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 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, 2022, 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 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 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2022 and signed on its behalf by:

|  |  |
| --- | --- |
| ………………………………….. | ………………………………. |
| **Name:** | **Name**: |
| **Chairman of the Fund** | **Fund Administrator** |

# Report Of The Independent Auditor

# Statement of Financial Performance for the year ended 30th June 2022.

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Note** | **2021/22** | **2020/21** |
|  |  | **Kshs.** | **Kshs.** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |
| Transfers from other Parent Ministry/ SC/SAGA | 6 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Revenue** **from** **exchange** **transactions** |  |  |  |
| Interest income | 7 | xxx | xxx |
| Other income | 8 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Total** **revenue** |  | **xxx** | **xxx** |
| **Expenses** |  |  |  |
| Employee costs | 9 | xxx | xxx |
| Use of goods and services | 10 | xxx | xxx |
| Depreciation and amortization expense | 11 | xxx | xxx |
| Finance costs | 12 | xxx | xxx |
| **Total** **expenses** |  | **(xxx)** | **(xxx)** |
| **Other gains/losses** |  |  |  |
| Gain/loss on disposal of assets | 13 | **xxx** | **xxx** |
| **Surplus/(deficit)** before tax |  | **xxx** | **xxx** |
| **Taxation** | 14 | **(xxx)** | **xxx** |
| **Surplus/Deficit after Tax** |  | **xxx** | **xxx** |

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

The financial statements were approved on …………………….by:

|  |  |  |
| --- | --- | --- |
| ………………………… | ……………………………. | ………………………. |
| **Name** | **Name** | **Name** |
| **Fund Administrator** | **Fund Accountant** | **Chairperson of the Board/Fund** |
|  | **ICPAK M/No……….** |  |

# Statement of Financial Position as at 30th June 2022

| Description | **Note** | **2021/22** | **2020/21** |
| --- | --- | --- | --- |
|  |  | **Kshs.** | **Kshs.** |
| **Assets** |  |  |  |
| **Current** **assets** |  |  |  |
| Cash and cash equivalents | 15 | xxx | xxx |
| Receivables from exchange transactions | 16 | xxx | xxx |
| Receivables from Non- exchange transactions | 17 | xxx | xxx |
| Prepayments | 18 | xxx | xxx |
| Inventory | 19 | xxx | xxx |
| Total Current Assets |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-current** **assets** |  |  |  |
| Receivables from exchange transactions | 16 | xxx | xxx |
| Property, plant, and equipment | 20 | xxx | xxx |
| Intangible assets | 21 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Total** **assets** |  | **xxx** | **xxx** |
| **Liabilities** |  |  |  |
| Trade and other payables | 22 | xxx | xxx |
| Total Current Liabilities |  | xxx | xxx |
| **Total** **liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Net** **assets** |  | **xxx** | **xxx** |
| Car loan revolving fund |  | xxx | xxx |
| Mortgage revolving fund |  | xxx | xxx |
| Accumulated surplus (*Reserves*) |  | 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 Fund financial statements were approved on \_\_\_\_\_\_\_\_\_\_\_ 2022 and signed by:

|  |  |  |
| --- | --- | --- |
| ………………………….. | ……………………………. | ………………………… |
| **Name** | **Name** | **Name** |
| **Fund Administrator** | **Fund Accountant** | **Chairperson of the Board/Fund** |
|  | **ICPAK M/No……….** |  |

# Statement of Changes in Net Assets for the year ended 30th June 2022

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Mortgage Fund** | **Car Loan Fund** | **Accumulated surplus** | **Total** |
|  | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** |
|  |  |  |  |  |
| **As at 1 July 2020** | xxx | xxx | xxx | xxx |
| Surplus/(*deficit*) for the period | xxx\* | xxx | xxx | xxx |
| Funds received during the year | xxx | xxx | xxx | xxx |
| Transfers | xxx | xxx | (xxx) | xxx |
| **As** **at** **30 June 2021** | **xxx** | xxx | **xxx** | **xxx** |
|  |  |  |  |  |
| **Balance as at 1 July 2021** | **xxx** | xxx | **xxx** | **xxx** |
| Surplus/(*deficit)* for the period | xxx | xxx | xxx | xxx |
| Funds received during the year | xxx | xxx | xxx | xxx |
| Transfers | xxx | xxx | (xxx) | xxx |
| **As** **at** **30 June 2022** | **xxx** | xxx | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| ………………………….. | ……………………………. | ………………………… |
| **Name** | **Name** | **Name** |
| **Fund Administrator** | **Fund Accountant** | **Chairperson of the Board/Fund** |
|  | **ICPAK M/No……….** |  |

# Statement of Cash Flows for the year ended 30th June 2022

| **Description** | **Note** | **2021/22** | **2020/21** |
| --- | --- | --- | --- |
|  |  | **Kshs.** | **Kshs.** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |  |  |
| Transfers from other Parent Ministry/ SC/SAGA |  | xxx | xxx |
| Interest received |  | xxx | xxx |
| Other income |  | xxx | xxx |
| **Total receipts** |  | **xxx** | **xxx** |
| **Payments** |  |  |  |
| Employee costs |  | xxx | xxx |
| Use of goods and services |  | xxx | xxx |
| Finance cost |  | xxx | xxx |
| **Total payments** |  | **xxx** | **xxx** |
| **Net cash flow from operating activities** | 23 | **xxx** | **xxx** |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Purchase of PPE and intangible assets |  | (xxx) | (xxx) |
| Proceeds from sale of PPE |  | 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** |  |  |  |
| Receipts into the mortgage revolving fund |  | xxx | xxx |
| Receipts into the car loan revolving fund |  | 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** |

|  |  |  |
| --- | --- | --- |
| **…………………………..** | **…………………………….** | **…………………………** |
| **Name** | **Name** | **Name** |
| **Fund Administrator** | **Fund Accountant** | **Chairperson of the Board/Fund** |
|  | **ICPAK M/No……….** |  |

# Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **Original** **budget** | **Adjustments** | **Final** **budget** | **Actual** **on comparable basis** | **Performance difference** | **% of utilization** |
|  | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** |  |
|  | **A** | **b** | **C=(a+b)** | **d** | **e=(c-d)** | **F=d/c** |
| **Revenue** |  |  |  |  |  |  |
| Transfers from other Parent Ministry/ SC/SAGA | xxx | xxx | xxx | xxx | xxx | x% |
| Interest income | xxx | xxx | xxx | xxx | xxx | x% |
| Other income | xxx | xxx | xxx | xxx | xxx | x% |
| **Total Revenue** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **x%** |
|  |  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |  |
| Employee cost | xxx | xxx | xxx | xxx | xxx | x% |
| Use of goods and services | xxx | xxx | xxx | xxx | xxx | x% |
| Finance cost | xxx | xxx | xxx | xxx | xxx | x% |
| E**xpenditure** | xxx | xxx | xxx | xxx | xxx | x% |
| **Surplus** **for** **the** **period** | **xxx** | **xxx** | **xxx** | **xxx** |  |  |
| **Capital Expenditure** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **x%** |

|  |  |  |
| --- | --- | --- |
| ………………………….. | ……………………………. | ………………………… |
| **Name** | **Name** | **Name** |
| **Fund Administrator** | **Fund Accountant** | **Chairperson of the Board/Fund** |
|  | **ICPAK M/No……….** |  |

**(Budget notes**

* *Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14*
* *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
* *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

1. **General Information**

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

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

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*.

The financial statements have been prepared in accordance with the PFM Act, and *(include any other applicable legislation),* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

1. **Adoption Of New and Revised Standards**
2. **New and amended standards and interpretations in issue effective in the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

1. **New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2022.**

| **Standard** | **Effective date and impact:** |
| --- | --- |
| **IPSAS 41:** Financial Instruments | **Applicable: 1st January 2023:**  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 Fund’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 Fund’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 Fund if relevant)*** |
| **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 Fund 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 Fund;  (b) The key features of the operation of those social benefit schemes; and  (c) The impact of such social benefits provided on the Fund’s financial performance, financial position and cash flows.  ***(State the impact of the standard to the Fund 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 Fund 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 Fund if relevant*** |
| 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 cash flows of the Fund.  The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.  ***State the impact of the standard to the Fund 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 od 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 impact of the standard to the Fund if relevant*** |

1. **Early adoption of standards**

The Fund did not early – adopt any new or amended standards in the year 2021/22.

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

**Transfers from other government entities**

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

1. **Budget information**

The original budget for FY 2021/22 was approved on xxx (Date). 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 Fund upon receiving the respective approvals in order to conclude the final budget.

Accordingly, the Fund recorded additional appropriations of xxx (Amount) on xxx (Date) of the FY 20xx-1/20xx budget following the governing body’s approval.

The Fund’s budget is prepared on a different basis from 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

**Significant Accounting Policies (Continued)**

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 as per the statement of financial performance has been presented under section xxx of these financial statements.

1. **Property, plant, and equipment (PPE)**

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 Fund 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**
2. **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

**Significant Accounting Policies (Continued)**

and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Fund 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.

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund 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, with 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.

**Significant Accounting Policies (Continued)**

***Impairment of financial assets***

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Fund 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 Fund that can be reliably estimated. Evidence of impairment may include the following indicators:

* The debtors of the Fund 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)

1. **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 Fund 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.

**Significant Accounting Policies (Continued)**

1. **Contingent liabilities**

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

1. **Contingent assets**

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

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

The Fund 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.

**Significant Accounting Policies (Continued)**

1. **Related parties**

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Directors/ Trustee, the Fund Managers, and Fund Accountant.

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 ***(remove if not applicable)*** 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.

1. **Events after the reporting period**

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

1. **Ultimate and Holding Fund**

The Fund is established under Section 24 (4) PFM Act under the Department of xxx/ State Corporation. Its ultimate parent is the Government of Kenya.

1. **Currency**

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

**Significant Accounting Policies (Continued)**

1. **Significant judgments and sources of estimation uncertainty**

The preparation of the Fund'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.)*

1. **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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. *( see IPSAS 1.140.)*

1. **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:

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

**Notes to the Financial Statements**

1. **Transfers from the Parent Ministry/SC/SAGA**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Transfers from Government entities– operations | xxx | xxx |
| Payments by Government entity on behalf of the Fund | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Interest income**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **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 |
| Other *(Specify*) | xxx | xxx |
| **Total** **Interest Income** | **xxx** | **xxx** |

1. **Other income**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Insurance recoveries | xxx | xxx |
| Income from Sale of Tender documents | xxx | xxx |
| Miscellaneous income (*Specify)* | xxx | xxx |
| **Total** **Other** **income** | **xxx** | **xxx** |

1. **Employee Costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Salaries and Wages | xxx | xxx |
| Staff Gratuity | xxx | xxx |
| Staff Training expenses | xxx | xxx |
| Social Security Contribution | xxx | xxx |
| Other (*Specify*) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the Financial Statements continued**

1. **Use of Goods and Services**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Loan processing costs | xxx | xxx |
| General office expenses | xxx | xxx |
| Professional services costs | xxx | xxx |
| Administration fees | xxx | xxx |
| Committee allowances | xxx | xxx |
| Printing and Stationery | xxx | xxx |
| Telephone a Communication expenses | xxx | xxx |
| Bank charges | xxx | xxx |
| Audit fees | xxx | xxx |
| Provision for Doubtful Debts | xxx | xxx |
| Other (*Specify*) | xxx | xxx |
| **Total** | xxx | xxx |

1. **Depreciation and Amortization Expense**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Property Plant and Equipment | xxx | xxx |
| Intangible assets | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Finance costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Interest on Bank Overdrafts | xxx | xxx |
| Interest on Loans from Banks | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the Financial Statements continued**

1. **Gain/(loss) on disposal of assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Property, Plant, and Equipment | xxx | xxx |
| Intangible Assets | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Taxation**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Income tax charge | xxx | xxx |
| Tax Charged On Interest Income | xxx | xxx |
| **Income Tax expense** | **xxx** | **xxx** |

1. **Cash and cash equivalents**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Xxx Car Loan/ Mortgage Account | xxx | xxx |
| Fixed Deposits Account | xxx | xxx |
| On – Call Deposits | xxx | xxx |
| Current Account | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total** **Cash** **and** **Cash** **equivalents** | **xxx** | **xxx** |

**15 a) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:**

|  |  | **2021/22** | **2020/21** |
| --- | --- | --- | --- |
| **Financial Institution** | **Account number** | **Kshs.** | **Kshs.** |
| **Mortgage and Car Loan Fund** |  |  |  |
| Xx Commercial Bank Account |  | xxx | xxx |
| **Fixed Deposit Accounts** |  |  |  |
| Xx Commercial Bank |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **On- Call Deposits** |  |  |  |
| Bank Xxx |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Current Account** |  |  |  |
| Xx Commercial Bank |  | xxx | xxx |
| Bank B |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Others(***Specify)* |  | xxx | xxx |
| Cash On Hand |  | xxx | xxx |
| Mobile Money |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Grand Total** |  | **xxx** | **xxx** |

*(Provide the average effective interest rate to the fixed deposit as at the time of investment in respect of the period).*

1. **Receivables from exchange transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **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** | **xxx** | **xxx** |
| **Non-Current Receivables** |  |  |
| Long Term Loan Repayments Due | xxx | xxx |
| **Total Non- Current Receivables** | **xxx** | **xxx** |
| **Total** **Receivables From Exchange Transactions** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Transfers From Government Entities/SC | xxx | xxx |
| Transfer From Xxx Fund | xxx | xxx |
| **Total** **Receivables From Non-Exchange Transactions** | **xxx** | **xxx** |

1. **Prepayments**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Prepaid Rent | xxx | xxx |
| Prepaid Electricity Costs | xxx | xxx |
| Other Prepayments *(Specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the Financial Statements continued**

1. **Inventory**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Consumables | xxx | xxx |
| Other (s*pecify*) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the Financial Statements continued**

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

| **Description** | **Land** | **Buildings and Civil works** | **Motor vehicles** | **Furniture, fittings, and office equipment** | **ICT Equipment** | **Capital**  **Work in progress** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** |
| **Cost** |  |  |  |  |  |  |  |
| At 1July 2020 | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx | **-** | **xxx** | **xxx** |
| Disposals | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers/adjustments | xxx | xxx | (xxx) | **xxx** |  | **xxx** | **(xxx)** |
| **At 30th June 2021** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |  |
| At 1st July 2021 | xxx | xxx | xxx | xxx | xxx | xxx | **xxx** |
| Additions | xxx | xxx | xxx | xxx | xxx | xxx | **xxx** |
| Disposals | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfer/adjustments |  | xxx |  | xxx |  | (xxx) | **-** |
| **At 30th June 2022** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |  |
| **Depreciation and impairment** |  |  |  |  |  |  |  |
| At 1July 2020 | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |  | **xxx** |
| Depreciation for the year | xxx | xxx | xxx | xxx | xxx |  | **xxx** |
| Disposals | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |  | (xxx) |
| Impairment | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |  | **(xxx)** |
| **At 30th June 2021** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |  | **xxx** |
|  |  |  |  |  |  |  |  |
| At July 2021 | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |  | **xxx** |
| 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)** |
| **At 30th June 2022** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |  |
| **Net book values** |  |  |  |  |  |  |  |
| At 30th June 2021 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| At 30th June 2022 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |

**Notes to the Financial Statements continued**

1. **Intangible assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| **Cost** |  |  |
| **At beginning of the year** | xxx | xxx |
| Additions | xxx | xxx |
| Disposal | (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** |
| **Net book value** | **xxx** | **xxx** |

1. **Trade and other payables**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Trade payables | xxx | xxx |
| Other payables | xxx | xxx |
| **Total** **trade** **and** **other** **payables** | **xxx** | **xxx** |

1. **Net cash flows from operating activities**

|  |  |  |
| --- | --- | --- |
|  | **2021/22** | **2020/21** |
|  | **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)*

**Other Disclosures**

1. **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 Fund’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 Fund’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.** |
| **At 30 June 2022** |  |  |  |  |
| Receivables From Exchange Transactions-Car loans and mortgages | 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 2021** |  |  |  |  |
| Receivables From Exchange Transactions- Car loans and morgages | 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 Fund’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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from xxx.

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 Fund’s short, medium, and long-term funding and liquidity management requirements. The Fund 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

**Other Disclosures Continued**

in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Less than 1 month** | **Between 1-3 months** | **Over 5 months** | **Total** |
|  | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** |
| **At 30 June 2022** |  |  |  |  |
| Trade Payables | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30 June 2021** |  |  |  |  |
| Trade Payables | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

1. **Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund’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 the Audit and Risk Management Committee)* and for the day-to-day implementation of those policies.

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

**Other Disclosures Continued**

1. **Interest rate risk**

Interest rate risk is the risk that the Fund’s financial condition may be adversely affected as a result of changes in interest rate levels. The Fund’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 (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)

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 Fund capital structure comprises of the following funds:

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Revolving fund | xxx | xxx |
| Accumulated surplus (*Reserves)* | xxx | xxx |
| **Total funds** | **xxx** | **xxx** |
|  |  |  |
| Less: cash and bank balances | (xxx) | (xxx) |
| Net debt/(excess cash and cash equivalents) | xxx | xxx |
| **Gearing** | xx% | xx% |

**Other Disclosures Continued**

1. **Related party balances**
2. **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. National government Fund
2. Key management;
3. Board of Trustees/Committee; etc
4. **Related party transactions**
5. Transfers from related parties

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Transfers from related parties | xxx | xxx |

1. **Key management remuneration**

|  |  |  |
| --- | --- | --- |
| **Description** | **2021/22** | **2020/21** |
|  | **Kshs.** | **Kshs.** |
| Board of Trustees | xxx | xxx |
| Key Management Compensation | xxx | xxx |
| **Total** | **xxx** | **xxx** |

# Annexes

**Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations**

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

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

***Guidance Notes:***

1. Use the same reference numbers as contained in the external audit report.
2. Obtain the “Issue/Observation” and “management comments”, required above, from 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 Fund responsible for implementation of each issue.
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

**Date.........................................**

**Annex II: Inter-Fund Confirmation Letter**

***[Insert your Letterhead]***

*[Insert name of beneficiary Fund]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30th June 2022** | | | | | | | |
|  |  | Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022 | | | | Amount Received by [beneficiary Fund]  (KShs) as at 30th June 2021  (E) | Differences (KShs)  (F)=(D-E) |
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Inter–Ministerial  (C) | Total  (D)=(A+B+C) |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
| In confirm that the amounts shown above are correct as of the date indicated.  **Head of Accountants department of beneficiary Fund:**  **Name ………………………………………….. Sign …………………………….Date** **………………\_**\_\_\_\_\_\_\_\_\_\_ | | | | | | | |

**Annex III: Reporting of Climate Relevant Expenditures**

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) …………………

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Project Name** | **Project Description** | **Project Objectives** | **Project Activities** |  | | | | **Source Of Funds** | **Implementing Partners** |
|  |  |  |  | **Q1** | **Q2** | **Q3** | **Q4** |  |  |
|  |  |  |  |  |  |  |  |  |  |
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**Annex IV: Disaster Expenditure Reporting Template**

|  |
| --- |
| Date: |
| Fund |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Period to which this report refers (FY) | Year | | | Quarter | | |
| Name of Reporting Officer |  | | | | | |
| Contact details of the reporting officer: | Email | | | Telephone | | |
| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |