*Revised Template: 30th June 2023*



*(Add your Entity’s Logo)*

***(Indicate actual name of the TVET/National Polytechnic/Teachers Training College)***

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED**

**30TH JUNE 20XX**

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

***(Leave page Blank)***

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# Acronyms & Glossary of Terms

BOG Board of Governors

ICPAK Institute of Certified Public Accountants of Kenya

IPSAS International Public Sector Accounting Standards

PFM Public Finance Management

PSASB Public Sector Accounting Standards Board

TTI Technical Training Institute

TTC Teacher Training College

TVC Technical Vocational College

Fiduciary Management Key management personnel who have financial responsibility in the entity

*Provide a list of Acronyms and glossary of terms used in the financial report as per above example. The list to be exhaustive)*

# Key Entity Information and Management

*(customize as per your institution)*

1. **Background information**

The *institution* was incorporated/ established under the TVET Act/ *xxxx* Act on (*insert date*). The entity is domiciled in Kenya and has branches in xxx, xxx (*list them*). The institute is under the Ministry of Education.

(*Include any other information relevant to the users of financial information on the background of the entity for example departments, faculties in an Institute etc.)*

1. **Principal Activities**

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

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

1. **Key Management**

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

* Board of Governors/ Council/ Management etc.
* Accounting officer/ Principal
* Management…;

1. **Fiduciary Management**

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

| **SN.** | **Designation** | **Name** |
| --- | --- | --- |
| 1. | Principal | **-** |
| 2. | Deputy principal Finance | **-** |
| 3 | Deputy principal Academics |  |
| 4 | Registrar (s) | **-** |
| 5 | Dean of students | **-** |
| 6 | Head of Finance | **-** |
| 7 | xxx | **-** |

*(Include the positions that are regarded as top management in your organisation).*

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

1. **Fiduciary Oversight Arrangements**

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

* *Audit and risk committee activities*
* *Finance and operations committee activities*
* *Academic committee activities*
* *Development partner oversight activities*
* *Other oversight activities*

1. **Entity Headquarters**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

XXXXXXX, KENYA

1. **Entity Contacts**

Telephone: (254) XXXXXXXX

E-mail: xxxx@xxx.com

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

1. **Entity Bankers**

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

Other Commercial Banks

(List details of other commercial banks)

1. **Independent Auditors**

Auditor-General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

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

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# The Council/Board of Governors

|  |  |  |
| --- | --- | --- |
| ***SN.*** | ***Member/ Director*** | ***Details*** |
|  | *Council /BoG Member 1*  *(Insert each Council/Board of Governor’s passport-size photo and name, and key profession/academic qualifications)* | *Provide a concise description of each member’s date of birth, key qualifications, and work experience. Indicate whether the member is independent or an executive member and which committee the member sits or chairs where applicable.* |
|  | *Council/ BoG Member 2* |  |
|  | *Council/ BoG Member 3* |  |
|  | *Council/ BoG Member 4* |  |
|  | *Secretary to the Council/ Board* | *Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.* |
|  | *Etc.* |  |

# Key Management Team

|  |  |  |
| --- | --- | --- |
| ***SN.*** | ***Member/ Director*** | ***Details*** |
|  | *Manager 1*  *(Insert each key manager’s/Principal passport-size photo and name, and key profession/academic qualifications)* | *Indicate the main area of responsibility – without details* |
|  | *Manager 2* |  |
|  | *Manager 3* |  |
|  | *Manager 4* |  |
|  | *Etc.* |  |
|  | ***(Note:*** *The Principal and the Secretary to the Council/ BoG will feature both under the ‘Board’ and ‘Management’).* | |

# Chairman’s Statement

**(One – two pages)**

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

# Report of the Chief/SeniorPrincipal

*(Two-to-three pages)*

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

# Statement of Performance against Predetermined Objectives

*(Two-to-three pages)*

*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 entity’s performance against predetermined objectives. (this guidance should be removed in the final set of financial statements)*

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

Pillar/ theme/issue 1:

Pillar/ theme/ issue 2:

*XXX* develops its annual work plans based on the above *X* pillars. 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/XX period for its (*XX No.)* strategic pillars, as indicated in the diagram below:

*(NB: Entity may opt to present the information as per the table below or in another more suitable format but retain the content indicated in the table)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Strategic Pillar** | **Objective** | **Key Performance Indicators** | **Activities** | **Achievements** |
| Pillar / theme / issue 1 |  |  |  |  |
| Pillar / theme / issue 2 |  |  |  |  |

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

# Corporate Governance Statement

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

*(Under this section, include the number of Board /council meetings held and the attendance to those meetings by members, succession plan, existence of a board charter, process of appointment and removal of council members, 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 organisation during the period, entity’s key projects or investments decision implemented or ongoing, entity’s compliance with statutory requirements, major risks facing the organisation, 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.)*

# Environmental And Sustainability Reporting Statement

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

**Sustainability strategy and profile**

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

**Environmental performance**

*(Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation’s products).*

**Employee welfare**

*(Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).*

**Market place practices-**

The organisation should outline its efforts to:

1. Responsible competition practice.

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

1. Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
2. Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
3. Product stewardship- outline efforts to safeguard consumer rights and interests.

*(The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, water and sanitation initiatives)*

**Corporate Social Responsibility** / **Community Engagements**

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

# Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 20XX, which show the state of the *entity’s* affairs.

**Principal activities**

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

**Results**

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

**Council/Board of Governors**

The members of the Board /Council who served during the year are shown on page xxx. During the year xxx director retired/ resigned and xxx was appointed with effect from xxxx date.

**Auditors**

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

By Order of the Board

|  |
| --- |
| **………………………………….** |
| **Secretary of the Board/Council** |
| **Nairobi** |
| **Date:** |

# Statement of Board of Governors/ Council’s Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013 - (entities should quote the applicable legislation under which they are regulated))* require the council members to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Council members are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

The Council members are responsible for the preparation and presentation of the *entity’s* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the *entity’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 (*the State Corporations Act, and the TVET Act*) – *entities should quote applicable legislation as indicated under)*. The council members are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 20XX, and of the *entity’s* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the *entity’s* ability to continue as a going concern *(disclose as applicable, matters relating to the use of going concern basis of preparation of the financial statements.) OR*

Nothing has come to the attention of the Council members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The *entity’s* financial statements were approved by the Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ XXX and signed on its behalf by:

|  |  |
| --- | --- |
| **…………………………………** | **……………………………………** |
| **Name** | **Name** |
| **Chairperson of the Board/Council** | **Accounting Officer/Principal** |

# Report of the Independent Auditor (*Specify entity name*)

# Statement of Financial Performance For The Year Ended 30 June 20XX

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Notes** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
|  | Kshs | Kshs |
| **Revenue from Non-Exchange transactions** |  |  |  |
| Transfers from other National Government entities | 6 | xxx | xxx |
| Grants from donors and development partners | 7 | xxx | xxx |
| Transfers from other levels of government | 8 | xxx | xxx |
| Public contributions and donations | 9 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Revenue from Exchange transactions** |  |  |  |
| Rendering of services- fees from students | 10 | xxx | xxx |
| Sale of goods | 11 | xxx | xxx |
| Rental revenue from facilities and equipment | 12 | xxx | xxx |
| Finance income | 13 | xxx | xxx |
| Miscellaneous income | 14 | xxx | xxx |
| **Revenue from Exchange transactions** |  | **xxx** | **xxx** |
| **Total Revenue** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Use of goods and services | 15 | xxx | xxx |
| Employee costs | 16 | xxx | xxx |
| Board /Council Expenses | 17 | xxx | xxx |
| Depreciation and amortization expense | 18 | xxx | xxx |
| Repairs and maintenance | 19 | xxx | xxx |
| Contracted services | 20 | xxx | xxx |
| Grants and subsidies | 21 | xxx | xxx |
| Finance costs | 22 | xxx | xxx |
| **Total Expenses** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Other Gains/(Losses)** |  |  |  |
| Gain on sale of assets | 23 | xxx | xxx |
| Gain/ Loss on fair value of investments | 24 | xxx | xxx |
| Impairment loss | 25 | (xxx) | (xxx) |
| **Total Other Gains/(Losses)** |  | **xxx** | **xxx** |
| **Net surplus/(deficit) for the year** |  | **xxx** | **xxx** |

(*The notes set out on pages x to xx form an integral part of the Annual Financial Statements).*

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

|  |  |  |
| --- | --- | --- |
| **………………………………..** | **……………………………** | **…………………………** |
| **Chairman of Council/Board** | **Finance Officer** | **Principal** |
|  | **ICPAK No** |  |
| **Date** | **Date** | **Date** |

# 

*Comparative FY refers to the financial year preceding the current year.*

# Statement of Financial Position As At 30th June 20XX

| **Description** | **Notes** | **Insert Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- | --- |
|  | **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current** **Assets** |  |  |  |
| Cash and cash equivalents | 26 | xxx | xxx |
| Current portion of receivables from exchange transactions | 27(a) | xxx | xxx |
| Receivables from non-exchange transactions | 28 | xxx | xxx |
| Inventories | 29 | xxx | xxx |
| Investments in financial assets | 30 | xxx | xxx |
| **Total Current Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Assets** |  |  |  |
| Long term receivables from exchange transactions | 27(b) | xxx | xxx |
| Investments | 30 | xxx | - |
| Property, plant, and equipment | 31 | xxx | xxx |
| Intangible assets | 32 | xxx | xxx |
| Investment property | 33 | xxx | xxx |
| Biological Assets | 34 | xxx | xxx |
| **Total Non-Current Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Total Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current** **Liabilities** |  |  |  |
| Trade and other payables from exchange transactions | 35 | xxx | xxx |
| Refundable deposits from customers | 36 | xxx | xxx |
| Current provisions | 37 | xxx | xxx |
| Finance lease obligation | 38 | xxx | xxx |
| Deferred income | 39 | xxx | xxx |
| Employee benefit obligation | 40 | xxx | xxx |
| Payments received in advance | 41 | xxx | xxx |
| Current portion of borrowings | 43 | xxx | xxx |
| Social Benefits | 45 | xxx | xxx |
| **Total Current Liabilities** |  | **xxx** | **xxx** |
| **Non-Current** **Liabilities** |  |  |  |
| Finance lease obligation | 38 | xxx | xxx |
| Deferred income | 39 | xxx | xxx |
| Non-Current Employee Benefit Obligation | 40 | xxx | xxx |
| Non-Current Provisions | 42 | xxx | xxx |
| Non- Current Borrowings | 43 | xxx | xxx |
| Service Concession Liability | 44 | xxx | xxx |
| Social benefits | 45 | xxx | xxx |
| **Total non- current liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Total** **Liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Net** **Assets** |  |  |  |
| Revaluation Reserves |  | xxx | xxx |
| Accumulated Surplus |  | xxx | xxx |
| Capital Fund |  | xxx | xxx |
| **Total** **Net** **Assets** **and** **Liabilities** |  | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **………………………………..** | **………………………………** | **……………………………………..** |
| **Chairman of Council/Board** | **Finance Officer** | **Principal** |
|  | **ICPAK No** |  |
| **Date** | **Date** | **Date** |

*Comparative FY refers to the financial year preceding the current year.*

# Statement of Changes in Net Asset For The Year Ended 30 June 20XX

| **Description** | **Revaluation reserve** | **Accumulated Fund** | **Capital**  **Grants/Fund** | **Total** |
| --- | --- | --- | --- | --- |
| **At July 1, 20XX *(previous year)*** | **xxx** | **xxx** | **xxx** | **xxx** |
| Revaluation gain | xxx | - | - | xxx |
| Surplus/(deficit) for the year | - | xxx | - | xxx |
| Capital grants received during the year | - | - | xxx | xxx |
| Transfer of depreciation/amortisation from capital fund to  Retained earnings | - | xxx | (xxx) | - |
| **At June 30, 20XX** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |
| **At July 1, 20XX *(current year)*** | **xxx** | **xxx** | **xxx** | **xxx** |
| Revaluation gain | xxx | - | - | xxx |
| Surplus/(deficit) for the year | - | xxx | - | xxx |
| Capital grants received during the year | - | - | xxx | xxx |
| Transfer of depreciation/amortisation from capital fund to  Retained earnings | - | xxx | (xxx) | - |
| **At June 30, 20XX** | **xxx** | **xxx** | **xxx** | **xxx** |

***Note****:*

1. *For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).*

# Statement of Cash Flows For The Year Ended 30 June 20XX

| **Description** |  | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- | --- |
| **Note** | **Kshs** | **Kshs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |  |  |
| Transfers from other National Government entities |  | xxx | xxx |
| Grants from donors and development partners |  | xxx | xxx |
| Transfers from other levels of government |  | xxx | xxx |
| Public contributions and donations |  | xxx | xxx |
| Rendering of services- fees from students |  | xxx | xxx |
| Sale of goods |  | xxx | xxx |
| Rental revenue from facilities and equipment |  | xxx | xxx |
| Finance income |  | xxx | xxx |
| Miscellaneous income |  | xxx | xxx |
| **Total Receipts** |  | **xxx** | **xxx** |
| **Payments** |  |  |  |
| Use of goods and services |  | xxx | xxx |
| Employee costs |  | xxx | xxx |
| Board /Council Expenses |  | xxx | xxx |
| Repairs and maintenance |  | xxx | xxx |
| Contracted services |  | xxx | xxx |
| Grants and subsidies |  | xxx | xxx |
| **Total Payments** |  | **xxx** | **xxx** |
| **Net** **Cash** **Flows** **from** **operating** **activities** | 46 | **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 |
| **Net** **cash** **flows** **used** **in** **investing** **activities** |  | **(xxx)** | **(xxx)** |
| **Cash** **flows** **from** **financing** **activities** |  |  |  |
| Proceeds From Borrowing |  | 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 | 26 | xxx | xxx |
| **Cash** **and** **Cash** **equivalents** **at** **30 JUNE** | 26 | **xxx** | **xxx** |

*(PSASB has prescribed the direct method of cashflow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting)*

# Statement of Comparison of Budget&Actual amounts For Year Ended 30 June 20XX

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **Original** **budget** | **Adjustments** | **Final**  **budget** | **Actual** **on comparable basis** | **Performance difference** | **Utilization Difference** |
| **Revenue** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **%** |
| Transfers from other National Government entities | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Grants from donors and development partners | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Transfers from other levels of government | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Public contributions and donations | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Rendering of services- fees from students | xxx | (xxx) | xxx | xxx | xxx | xxx% |
| Sale of goods | xxx | (xxx) | xxx | xxx | xxx | xxx% |
| Rental revenue from facilities and equipment | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Finance income | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Miscellaneous Income | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| **Total** **Income** | **xxx** | **(xxx)** | **xxx** | **xxx** | **(xxx)** | xxx% |
|  |  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |  |
| Use of goods and services | xxx | - | xxx | xxx | (xxx) | xxx% |
| Employee costs | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Board /Council Expenses | xxx | (xxx) | xxx | xxx | (xxx) | xxx% |
| Repairs and maintenance | xxx | (xxx) | xxx | xxx | xxx | xxx% |
| Contracted services | xxx | (xxx) | xxx | xxx | xxx | xxx% |
| Grants and subsidies | xxx | (xxx) | xxx | xxx | xxx | xxx% |
| Use of goods and services | xxx | (xxx) | xxx | xxx | xxx | xxx% |
| **Total** **Expenditure** | **xxx** | **(xxx)** | **xxx** | **xxx** | **(xxx)** | xxx% |
|  |  |  |  |  |  |  |
| **Surplus** **For** **the** **Period** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | xxx% |
| **Capital Expenditure** | **xxx** | **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.*

# Notes to the Financial Statements

1. **General Information**

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

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity’s* accounting policies. The areas involving a higher degree of judgement 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 *entity*. The values are rounded off to the nearest shilling.The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, *(include any other applicable legislation),* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

1. **Adoption of New and Revised Standards**
2. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.**

| **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 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)*** |
| **IPSAS 42:** Social Benefits | **Applicable: 1st January 2023**  The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:  (a) The nature of such social benefits provided by the Entity.  (b) The key features of the operation of those social benefit schemes; and  (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.  ***(State the impact of the standard to the Entity if relevant)*** |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | **Applicable: 1st January 2023:**   1. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. 2. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 3. Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. 4. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.   ***(State the impact of the standard to the Entity if relevant)*** |
| Other improvements to IPSAS | ***Applicable 1st January 2023***   * *IPSAS 22 Disclosure of Financial Information about the General Government Sector****.*** Amendments to refer to the latest System of National Accounts (SNA 2008). * *IPSAS 39: Employee Benefits. Now* deletes the term composite social security benefits as it is no longer defined in IPSAS. * **IPSAS 29: Financial instruments: Recognition and Measurement.** Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.   ***State the impact of the standard to the Entity if relevant*** |

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

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

1. **Early adoption of standards**

(*The entity*) did not early-adopt any new or amended standards in year 20xx./the entity adopted standard xx and xx. The impact of these standards on entity’s financial statements is xx.*(amend appropriately)*

1. **Summary of 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 entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

1. **Revenue from exchange transactions**

**Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**Interest income**

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

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

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

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

1. **Budget information**

The original budget for FY 20XX/20XX was approved by the Council or Board on ***xxx.*** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of ***xxx*** on the FY 20XX/20XX budget following the Council/ Board’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 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 on page ***xx*** under section ***xxx*** of these financial statements.

1. **Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule ***xxx*** of the ***xxx*** Act.

***Sales tax/ Value Added Tax***

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

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

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

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

**Summary of Significant Accounting Policies (Continued**

1. **Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition*. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately*).Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

1. **Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

1. **Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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

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

1. **Intangible assets**

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

1. **Research and development costs**

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

* The technical feasibility of completing the asset so that the asset will be available for use or sale.
* Its intention to complete and its ability to use or sell the asset.
* How the asset will generate future economic benefits or service potential
* The availability of resources to complete the asset.
* The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

1. **Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company’s financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

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

***Financial assets***

***Classification***

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

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial

assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

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

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

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

***Financial liabilities***

***Classification***

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

1. **Inventories**

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

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.

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

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

**Inventories (Continued)**

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

1. **Provisions**

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***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.

***Contingent assets***

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset’s value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

1. **Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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

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

1. **Nature and purpose of reserves**

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

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

The *Entity* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

1. **Employee benefits**

**Retirement benefit plans**

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (*the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies*)

1. **Foreign currency transactions**

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

1. **Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

1. **Related parties**

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

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

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

1. **Service concession arrangements**

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than ’whole-of-life’ assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

1. **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to 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.

1. **Comparative figures**

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

1. **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

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

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

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

**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).*

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

1. **Transfers from other National Government entities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
|  | **Kshs** | **Kshs** |
| **Unconditional** **Grants** |  |  |
| Capitation Grants | xxx | xxx |
| Operational Grant | xxx | xxx |
| Unconditional Development grants | xxx | xxx |
| Other Grants | xxx | xxx |
| **Total unconditional Grants** | **xxx** | **xxx** |
| **Conditional** **Grants amortised/ recognised in revenue** |  |  |
| Library Grant | xxx | xxx |
| Hostels Grant | xxx | xxx |
| Administration Block Grant | xxx | xxx |
| Laboratory Grant | xxx | xxx |
| Learning Facilities Grant | xxx | xxx |
| Other Organizational Grants | xxx | xxx |
| **Total** **Government** **Grants** **and** **Subsidies** | **xxx** | **xxx** |

**(a)Transfers from other Government entities (Categorized)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of the Entity Sending The Grant** | **Amount recognized to Statement of Financial performance \*** | **Amount deferred under deferred income** | **Amount recognised in capital fund.** | **Total grant income during the year** | **Comparative FY** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| State Department of XX | xx | xx | xx | xx | xx |
| XX Ministry | xx | xx | xx | xx | xx |
| **Total** | xx | xx | xx | xx | xx |

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

*(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)*

The details of the reconciliation have been included under appendix xxx

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

1. **Grants from Donors and Development Partners**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| JICA- Research Grant | xxx | xxx |
| World Bank Grants | xxx | xxx |
| In-Kind Donations | xxx | xxx |
| Donations transferred to revenue-conditions met | xxx | xxx |
| Other Grants (specify) | xxx | xxx |
| **Total Grants from Development Partners** | **xxx** | **xxx** |

**(a) Reconciliations of grants from donors and development partners**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Balance unspent at beginning of year** | **xxx** | **xxx** |
| Current year receipts | xxx | xxx |
| Conditions Met - Transferred to Revenue | xxx | xxx |
| **Conditions Yet To Be Met - Remain Liabilities** | **xxx** | **xxx** |

(*Provide brief explanation for this revenue*)

1. **Transfers from Other Levels of Government**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
|  |  |  |
| Transfer from County XX | xxx | xxx |
| Transfer from XX University | xxx | xxx |
| Transfer from XX Institute | xxx | xxx |
| **Total Transfers** | **xxx** | **xxx** |

1. **Public Contributions and Donations**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Public Donations | xxx | xxx |
| Donations from Local Leadership | xxx | xxx |
| Donations from Religious Institutions | xxx | xxx |
| Donations from Alumni | xxx | xxx |
| Other Donations | xxx | xxx |
| **Total Donations and Contributions** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

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

1. **Rendering of Services**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Tuition Fees | xxx | xxx |
| Activity Fees | xxx | xxx |
| Industrial Attachment Fees | xxx | xxx |
| Examination Fees | xxx | xxx |
| Library Fees | xxx | xxx |
| Facilities And Materials | xxx | xxx |
| Registration Fees | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total** **Revenue** **from** **The** **Rendering** **of** **Services** | **xxx** | **xxx** |

(*Provide brief explanation for this revenue)*

1. **Sale of Goods**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
|  |  |  |
| Sale of Books | xxx | xxx |
| Sale of Publications | xxx | xxx |
| Sale of Farm Produce | xxx | xxx |
| Cafeteria sales | xxx | xxx |
| Other sales (specify) | xxx | xxx |
| **Total** **Revenue** **from** **Sale** **of** **Goods** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

1. **Rental revenue from facilities and equipment**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Hire of Facilities and Equipment | xxx | xxx |
| Contingent Rentals | xxx | xxx |
| Operating Lease Revenue | xxx | xxx |
| **Total** | **xxx** | **xxx** |

(*Provide brief explanation for this revenue.* **\****Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.)*

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

1. **Finance Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Cash investments and fixed deposits | xxx | xxx |
| Interest income from treasury bills | xxx | xxx |
| Interest income from treasury bonds | xxx | xxx |
| Interest from outstanding debtors | xxx | xxx |
| **Total** **finance** **income** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue.)*

1. **Miscellaneous Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Insurance recoveries | xxx | xxx |
| Consultancy fees | xxx | xxx |
| Income from sale of tender | xxx | xxx |
| Services concession income | xxx | xxx |
| Reimbursements and refunds | xxx | xxx |
| Graduation fees | xxx | xxx |
| Bad debts recovered | xxx | xxx |
| Income written back | xxx | xxx |
| Miscellaneous income (*specify*) | xxx | xxx |
| **Total** **other** **income** | **xxx** | **xxx** |

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

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

1. **Use of Goods and Services**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Teaching and learning materials | xxx | xxx |
| Industrial attachment costs | xxx | xxx |
| Electricity | xxx | xxx |
| Water | xxx | xxx |
| Security | xxx | xxx |
| Professional and consultancy services | xxx | xxx |
| Subscriptions | xxx | xxx |
| Advertising | xxx | xxx |
| Examination fees | xxx | xxx |
| Audit fees | xxx | xxx |
| Catering, conferences, and delegations | xxx | xxx |
| Travelling and accommodation |  |  |
| Fuel and oil | xxx | xxx |
| Insurance | xxx | xxx |
| Legal expenses | xxx | xxx |
| Licenses and permits | xxx | xxx |
| Postage | xxx | xxx |
| Printing and stationery | xxx | xxx |
| Hire charges | xxx | xxx |
| Rent expenses | xxx | xxx |
| Skills development levies | xxx | xxx |
| Telephone expenses | xxx | xxx |
| Internet expenses | xxx | xxx |
| Training expenses | xxx | xxx |
| Other (*specify*) | xxx | xxx |
| **Total** **good and services** | **xxx** | **xxx** |

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

1. **Employee Costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Salaries and wages | xxx | xxx |
| Employee related costs - contributions to pensions and medical aids | xxx | xxx |
| Travel, motor car, accommodation, subsistence and other allowances | xxx | xxx |
| Housing benefits and allowances | xxx | xxx |
| Overtime payments | xxx | xxx |
| Social contributions | xxx | xxx |
| **Employee** **Costs** | **xxx** | **xxx** |

1. **Board/Council Expenses**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Chairman's Honoraria | xxx | xxx |
| Directors Emoluments | xxx | xxx |
| Other Allowances | xxx | xxx |
| Other Board/Council Expenses | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Depreciation and Amortization expense**

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

1. **Repairs and Maintenance**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Property | xxx | xxx |
| Investment property – earning rentals | xxx | xxx |
| Equipment and machinery | xxx | xxx |
| Vehicles | xxx | xxx |
| Furniture and fittings | xxx | xxx |
| Computers and accessories | xxx | xxx |
| **Total** **Repairs** **and** **Maintenance** | **xxx** | **xxx** |

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

1. **Contracted Services**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Actuarial valuations | xxx | xxx |
| Investment valuations | xxx | xxx |
| Property valuations | xxx | xxx |
| Other (specify) | xxx | xxx |
| **Total** **contracted** **services** | **xxx** | **xxx** |

1. **Grants and Subsidies**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Community Development | xxx | xxx |
| Education Initiatives and Programs | xxx | xxx |
| Social Development | xxx | xxx |
| Social benefits expenses | xxx | xxx |
| Community Trust | xxx | xxx |
| Sporting Bodies | xxx | xxx |
| **Total** **Grants** **and** **Subsidies** | **xxx** | **xxx** |

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

1. **Finance Costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Borrowings (Amortized Cost)\* | xxx | xxx |
| Finance Leases (Amortized Cost) | xxx | xxx |
| Unwinding of Discount from lease liabilities | xxx | xxx |
| Interest on Bank Overdrafts | xxx | xxx |
| Interest on Loans from Commercial Banks | xxx | xxx |
| **Total** **Finance** **Costs** | **xxx** | **xxx** |

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

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

1. **Gain On Sale of Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Property, Plant and Equipment | xxx | xxx |
| Intangible Assets | xxx | xxx |
| Other Assets not capitalised | xxx | xxx |
| **Total** **Gain** **On** **Sale** **of** **Assets** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Fair value on equity investments | xxx | xxx |
| Fair value arising from investment property | xxx | xxx |
| Fair value arising from biological assets | xxx | xxx |
| Fair value- other financial assets (specify) | xxx | xxx |
| **Total** **Gain** | **xxx** | **xxx** |

1. **Impairment Loss**

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

1. **Cash and Cash Equivalents**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Current Account | xxx | xxx |
| On - Call Deposits | xxx | xxx |
| Fixed Deposits Account | xxx | xxx |
| Staff Car Loan/ Mortgage | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** **Cash** **and** **Cash** **Equivalents** | **xxx** | **xxx** |

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

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

**26 (a). Detailed Analysis of Cash and Cash equivalents**

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial Institution** | **Account number** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| 1. **Current 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. **Fixed Deposits Account** |  |  |  |
| Kenya Commercial Bank |  | xxx | xxx |
| Bank B |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
|  |  |  |  |
| 1. **Staff Car Loan/ Mortgage** |  |  |  |
| 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 |
| Mobile Money account |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Grand Total** |  | **xxx** | **xxx** |

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

1. **Receivables from Exchange transactions**

**27 (a) Current Receivables from Exchange transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Current** **Receivables** |  |  |
| Student Debtors | xxx | xxx |
| Rent Debtors | xxx | xxx |
| Consultancy Debtors | xxx | xxx |
| Other Exchange Debtors | xxx | xxx |
| Less: Impairment Allowance | (xxx) | (xxx) |
| **Total** **Current** **Receivables** | **xxx** | **xxx** |

**27 (b) Long- term Receivables from Exchange transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Non-Current** **Receivables** |  |  |
| Refundable Deposits | xxx | xxx |
| Advance Payments | xxx | xxx |
| Public Organizations | xxx | xxx |
| Less: Impairment Allowance | (xxx) | (xxx) |
| **Total** | **xxx** | **xxx** |
| Current Portion Transferred To Current Receivables | (xxx) | (xxx) |
| **Total** **Non-Current** **Receivables** | **xxx** | **xxx** |
| **Total** **Receivables** | **xxx** | **xxx** |

**27 (c) Ageing Analysis of Receivables from Exchange transactions**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
|  | **Current FY** | **% of the total** | **Comparative**  **FY** | **% of the total** |
| Less than 1 year | xxx | % | xxx | % |
| Between 1- 2 years | xxx | % | xxx | % |
| Between 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total (a+b)** | **xxx** | **%** | **xxx** | **%** |

**27 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| At the beginning of the year | xxx | xxx |
| Provisions during the year | xxx | xxx |
| Recovered during the year | (xxx) | (xxx) |
| Write offs during the year | (xxx) | (xxx) |
| At the end of the year | **xxx** | **xxx** |

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

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Current** **Receivables** |  |  |
| Capitation Grants\* | xxx | xxx |
| Transfers from Other Govt. entities | xxx | xxx |
| Undisbursed Donor Funds | xxx | xxx |
| Other Debtors (Non-Exchange Transactions) | xxx | xxx |
| Less: Impairment Allowance | (xxx) | (xxx) |
| **Total** **Current** **Receivables** | **xxx** | **xxx** |

*(\*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review).*

**28 (a) Ageing Analysis on Receivables from Non-Exchange Transactions**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
|  | **Current FY** | **% of the total** | **Comparative**  **FY** | **% of the total** |
| Less than 1 year | xxx | % | xxx | % |
| Between 1- 2 years | xxx | % | xxx | % |
| Between 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total** | **xxx** | **%** | **xxx** | **%** |

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

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

1. **Inventories**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Consumable stores | xxx | xxx |
| Maintenance stores | xxx | xxx |
| Health Unit stores | xxx | xxx |
| Electrical stores | xxx | xxx |
| Cleaning Materials stores | xxx | xxx |
| Catering stores | xxx | xxx |
| Less: Impairment allowance | xxx | xxx |
| **Total** **Inventories** **at** **lower** **of** **Cost** **and** **Net** **Realizable** **Value** | **xxx** | **xxx** |

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

1. **Investments in financial assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| 1. **Investment in Treasury Bills and Bonds** |  |  |
| **Financial Institution** |  |  |
| CBK | xxx | xxx |
| CBK | xxx | xxx |
| **Sub- Total** | **xxx** | **xxx** |
| 1. **Investment with Financial Institutions/ Banks** |  |  |
| Bank X | xxx | xxx |
| Bank Y | xxx | xxx |
| **Sub- Total** | **xxx** | **xxx** |
| 1. **Equity Investments (*Specify*)** |  |  |
| Equity/ Shares in Company Xxx | xxx | xxx |
| **Sub- Total** | **xxx** | **xxx** |
| **Grand Total** | **xxx** | **xxx** |

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

**d) Shareholding in other entities**

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of Entity where Investment is Held** | **No of Shares** | | | | **Fair Value of Shares** | **Fair Value of Shares** |
| **Direct Shareholding** | **Indirect Shareholding** | **Effective Shareholding** | **Nominal Value of Shares** | **Insert Current FY** | **Insert Comparative FY** |
|  | **%** | **%** | **%** | **Kshs** | **Kshs** | **Kshs** |
| Entity A | xxx | xxx | xxx | xxx | xxx | xxx |
| Entity B | xxx | xxx | xxx | xxx | xxx | xxx |
|  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

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

1. **Property, Plant and Equipment**

| **Cost** | **Land** | **Buildings** | **Motor vehicles** | **Furniture and fittings** | **Computers** | **Plant and**  **equipment** | **Capital**  **Work in progress** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **At 1July 20XX *(previous year****)* | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | **-** | **xxx** | **-** | **xxx** | **xxx** |
| Disposals | (xxx) | (xxx) | **-** | **-** | (xxx) | **-** | (xxx) | **(xxx)** |
| Transfers/Adjustments | xxx | (xxx) | **xxx** | (xxx) | (xxx) | **-** | **xxx** | **(xxx)** |
| **At 30th June 20XX** *(previous FY)* | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | - | xxx | xxx | xxx | **xxx** |
| Disposals | (xxx) | - | - | - | (xxx) | - | (xxx) | **(xxx)** |
| Transfer/Adjustments | (xxx) | xxx | xxx | (xxx) | (xxx) | - | xxx | **(xxx)** |
| **At 30th June 20XX** *(current year)* | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |  |  |
| **Depreciation And Impairment** |  |  |  |  |  |  |  |  |
| **At 1 Jun 20XX *(previous year)*** | - | **(xxx)** | **(xxx)** | **(xxx)** | **(xxx)** | **-** | **(xxx)** | **(xxx)** |
| Depreciation | - | (xxx) | (xxx) | (xxx) | (xxx) | - | (xxx) | **(xxx)** |
| Disposals | - | - | - | - | xxx | - | xxx | **xxx** |
| Impairment | - | - | - | - | (xxx) | - | - | **(xxx)** |
| **At 30 Jun 20XX** *(previous year)* |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Depreciation | - | (xxx) | (xxx) | - | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Disposals | - | - | - | - | xxx | - | xxx | **xxx** |
| Impairment | - | (xxx) | - | - | (xxx) | - | - | **(xxx)** |
| Transfer/Adjustment | - | (xxx) | (xxx) | xxx | (xxx) | - | (xxx) | **xxx** |
| **At 30th Jun 20XX** *(current year)* | **-** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Net Book Values** |  |  |  |  |  |  |  |  |
| **At 30th Jun 20XX** *(previous year)* | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30th Jun 20XX** *(current year)* | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*[Include Brief Description Of WIP As A Footer]*

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

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by xxx professional valuers on xxx. These amounts were adopted in the financial statements on xxx.

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

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

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

1. **Intangible Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **Cost** |  |  |
| **At beginning of the year** | xxx | xxx |
| Additions | xxx | xxx |
| **At end of the year** | xxx | xxx |
| Additions–internal development | 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 |

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

1. **Investment Property**

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

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, deprecation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*

1. **Biological Assets**

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| Cattle | xxx | xxx |
| Trees | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Trade and Other Payables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert**  **Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
| Trade payables | xxx | | xxx | |
| Fees paid in advance | xxx | | xxx | |
| Salary deductions | xxx | | xxx | |
| Third-Party Payments | xxx | | xxx | |
| Other Payables | xxx | | xxx | |
| **Total** **Trade** **and** **Other** **Payables** | **xxx** | | **xxx** | |
|  |  | |  | |
| **Ageing analysis:** | **Current FY** | **% of the Total** | **Comparative FY** | **% of the Total** |
| Under one year | xxx | % | xxx | xxx |
| 1-2 years | xxx | % | xxx | xxx |
| 2-3 years | xxx | % | xxx | xxx |
| Over 3 years | xxx | % | xxx | xxx |
| **Total (to tie to totals above)** | **xxx** | **%** | **xxx** | **xxx** |

1. **Refundable Deposits from Customers/Students**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
| Consumer deposits | xxx | | xxx | |
| Caution money | xxx | | xxx | |
| Other refundable deposits | xxx | | xxx | |
| **Total** **Deposits** | **xxx** | | **xxx** | |
|  |  | |  | |
| **Ageing analysis:** | **Current FY** | **% of the Total** | **Comparative FY** | **% of the Total** |
| Under one year | xxx | % | xxx | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total (to tie to totals deposits above)** | **xxx** | **%** | **xxx** | **%** |

1. **Current Provisions**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Leave provision** | **Bonus provision** | **Gratuity**  **Provisions** | **Other provision** | **Total** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Balance at The Beginning of The Year** | **xxx** | **xxx** | **xxx** | **xx** | **xxx** |
| Additional Provisions | xxx | xxx | xxx | xx | xxx |
| Provision Utilised | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| Change Due To Discount And Time Value  For Money | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers From Non -Current Provisions | xxx | xxx | xxx | xx | xxx |
| **Total Provisions** | **xxx** | **xxx** | **xxx** | **xx** | **xxx** |

1. **Finance Lease Obligation**

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

**Maturity Analysis**

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

**Analysed as:**

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

1. **Deferred Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| National Government | xxx | xxx |
| International Funding Bodies | xxx | xxx |
| Public Contributions and Donations | xxx | xxx |
| **Total** **Deferred** **Income** | xxx | xxx |

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

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **National government** | **International funders/ donors** | **Public contributions and donations** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Balance brought forward | xxx | xxx | xxx | xxx |
| Additions during the year | xxx | xxx | xxx | xxx |
| Transfers to capital fund | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers to income statement | (xxx) | (xxx) | (xxx) | (xxx) |
| Other transfers | (xxx) | (xxx) | (xxx) | (xxx) |
| Balance carried forward | xxx | xxx | xxx | xxx |

*Include columns as needed for the various sources of income deferred.*

**Analysed as:**

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

1. **Employee Benefit Obligations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Defined benefit plan** | **Post-employment medical benefits** | **Other Provisions** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Current Benefit Obligation | xxx | xxx | xxx | xxx | xxx |
| Non-Current Benefit Obligation | xxx | xxx | xxx | xxx | xxx |
| **Total** **Employee Benefits Obligation** | xxx | xxx | xxx | xxx | xxx |

**Retirement benefit Asset/ Liability**

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

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

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

**Recognition of Retirement Benefit Asset/ Liability**

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| The return on defined plan assets | xxx | xxx |
| Actuarial gains/ losses arising from changes in demographic assumptions | xxx | xxx |
| Actuarial Gains/ Losses Arising From changes In Financial Assumptions | xxx | xxx |
| Actuarial gains and losses arising from experience adjustments | xxx | xxx |
| Others (*specify)* | xxx | xxx |
| Adjustments for restrictions on the defined benefit asset | xxx | xxx |
| **Remeasurement of the net defined benefit liability (asset)** | xxx | xxx |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Present value of defined benefit obligations(a) | xxx | xxx |
| Fair value of plan assets(b) | (xxx) | (xxx) |
| Funded status(=a-b) | **xxx** | **xxx** |
| Restrictions on asset recognised | xxx | xxx |
| Others | xxx | xxx |
| Net asset or liability arising from defined benefit obligation | **xxx** | **xxx** |

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

1. **Payments received in advance.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert**  **Current FY** | | **Insert**  **Comparative FY** | |
| **Kshs** | | **Kshs** | |
| Fees received in advance | xxx | | xxx | |
| Others (Specify) | xxx | | xxx | |
| Total | **xxx** | | **xxx** | |
|  |  | |  | |
| **Ageing analysis:** | **Current FY** | **% of the Total** | **Comparative FY** | **% of the Total** |
| Under one year | xxx | % | xxx | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total** | **xxx** | **%** | **xxx** | **%** |

1. **Non-Current Provisions**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Long service leave** | **Bonus Provision** | **Gratuity** | **Other Provisions** | **Total** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Balance at the beginning of the year | xxx | xxx | xxx | xxx | xxx |
| Additional Provisions | xxx | xxx | xxx | xxx | xxx |
| Provision utilised | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| Change due to discount and time value for money | xxx | xxx | xxx | xxx | Xxx |
| Less: Current portion | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **Total** **deferred** **income** | xxx | xxx | xxx | xxx | Xxx |

*(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 36)*

1. **Borrowings**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Balance at beginning of the year | xxx | xxx |
| External borrowings during the year | xxx | xxx |
| Domestic borrowings during the year | xxx | xxx |
| Repayments of external borrowings during the year | (xxx) | (xxx) |
| Repayments of domestic borrowings during the year | (xxx) | (xxx) |
| Balance at end of the year | **xxx** | **xxx** |

**43 a) Analysis of External and Domestic Borrowings**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| **External borrowings** |  |  |
| Dollar denominated loan from ‘xx organization’ | xxx | xxx |
| Sterling pound denominated loan from ‘yyy organization’ | xxx | xxx |
| Euro denominated loan from zzz organization’ | xxx | xxx |
| **Domestic borrowings** |  |  |
| Kenya shilling loan | xxx | xxx |
| **Total balance at end of the year** | **xxx** | **xxx** |

**43 b) Breakdown of Long and Short-Term Borrowings**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
| **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 42 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).*

1. **Service Concession Arrangements**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| **Kshs** | **Kshs** |
| Fair value of service concession assets  recognized under PPE | xxx | xxx |
| Accumulated depreciation to date | (xxx) | xxx |
| Net carrying amount | **xxx** | **xxx** |
| Service concession liability at beginning of the year | xxx | xxx |
| Service concession revenue recognized | (xxx) | (xxx) |
| Service concession liability at end of the year | **xxx** | **xxx** |

1. **Social Benefit Liabilities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert previous FY** |
| **Kshs** | **Kshs** |
| Health social benefit scheme | xxx | xxx |
| Unemployment social benefit scheme | xxx | xxx |
| Orphaned and vulnerable benefit scheme | xxx | xxx |
| People Living with disabilities benefit scheme | xxx | xxx |
| Elderly social benefit scheme | xxx | xxx |
| Bursary social benefits | xxx | xxx |
| **Total** | **xxx** | **xxx** |
|  |  |  |
| Current social benefits | xxx | xxx |
| Non- current social benefits | xxx | xxx |
| **Total (tie to totals above)** | **xxx** | **xxx** |

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.*

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

1. **Cash generated from operations.**

| **Surplus for the year before tax** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
| --- | --- | --- |
| **Kshs** | **Kshs** |
| **Adjusted for:** |  |  |
| Depreciation | xxx | xxx |
| Non-Cash grants received | (xxx) | (xxx) |
| Contributed assets | (xxx) | (xxx) |
| Impairment | xxx | xxx |
| Gains and Losses on Disposal of Assets | (xxx) | (xxx) |
| Contribution to provisions | xxx | xxx |
| Contribution to impairment allowance | xxx | xxx |
| Finance Income | (xxx) | (xxx) |
| Finance Cost | xxx | xxx |
| **Working Capital Adjustments** |  |  |
| Increase in Inventory | (xxx) | (xxx) |
| Increase in Receivables | (xxx) | (xxx) |
| Increase in Deferred Income | xxx | xxx |
| Increase in Payables | xxx | xxx |
| Increase in Payments received in advance | xxx | xxx |
| **Net Cash Flow from Operating Activities** | **xxx** | **xxx** |

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

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

1. **Financial Risk Management**

The entity’s activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company’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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external 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 company’s management based on prior experience and their assessment of the current economic environment.

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

| **Description** | **Total amount**  **Kshs** | **Fully performing**  **Kshs** | **Past due**  **Kshs** | **Impaired**  **Kshs** |
| --- | --- | --- | --- | --- |
|  |
| **At 30 June 20XX (previous year)** |  |  |  |  |
| Receivables from exchange transactions | xxx | xxx | xxx | xxx |
| Receivables from non-exchange transactions | xxx | xxx | xxx | xxx |
| Bank balances | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30 June 20XX (current year)** |  |  |  |  |
| Receivables from exchange transactions | xxx | xxx | xxx | xxx |
| Receivables from non-exchange transactions | xxx | xxx | xxx | xxx |
| Bank balances | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

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

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

**Financial risk management (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 company 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 directors sets the company’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Less than 1 month** | **Between 1-3 months** | **Over 5 months** | **Total** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **At 30 June 20XX (previous year)** |  |  |  |  |
| Trade Payables | xxx | xxx | xxx | xxx |
| Current Portion Of Borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Deferred Income | xxx | xxx | xxx | xxx |
| Employee Benefit Obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30 June 20XX (current year)** |  |  |  |  |
| Trade Payables | xxx | xxx | xxx | xxx |
| Current Portion Of Borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Deferred Income | xxx | xxx | xxx | xxx |
| Employee Benefit Obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

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

**Financial risk management (continued)**

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest 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 entity’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:

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **In Kshs** | **Other currencies** | **Total** |
| **Kshs** | **Kshs** | **Kshs** |
| **At 30 June 20XX** |  |  |  |
| Financial Assets (Investments, Cash, Debtors) | xxx | xxx | xxx |
| Liabilities |  |  |  |
| Trade and Other Payables | xxx | xxx | xxx |
| Borrowings | xxx | xxx | xxx |
|  |  |  |  |
| Net Foreign Currency Asset/(Liability) | **xxx** | **xxx** | **xxx** |

The entity 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.

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

**Financial risk management (continued)**

**Foreign currency sensitivity analysis**

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

|  |  |  |  |
| --- | --- | --- | --- |
| U | **Change in**  **currency rate** | **Effect on Profit**  **before tax** | **Effect on**  **equity** |
| **Kshs** | **Kshs** | **Kshs** |
| **20xx** |  |  |  |
| Euro | 10% | xxx | xxx |
| Usd | 10% | xxx | xxx |
| **20xx** |  |  |  |
| Euro | 10% | xxx | xxx |
| Usd | 10% | xxx | xxx |

**b) 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 company’s interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company’s deposits.

***Management of interest rate risk***

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

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

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

**Financial risk management (continued)**

**iv) Capital Risk Management**

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

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

1. **Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the entity 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.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity’s* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

1. The National Government;
2. The Parent Ministry;
3. Key management;
4. Board of directors;
5. XXX

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

The transactions and balances with related parties during the year are as

| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| --- | --- | --- |
| **Kshs** | **Kshs** |
| **Transactions with Related Parties** |  |  |
| 1. **Sales to related parties** |  |  |
| Sales of electricity to govt agencies | xxx | xxx |
| Rent income from govt. agencies | xxx | xxx |
| Water sales to govt. agencies | xxx | xxx |
| Others (*specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| **B) Purchases from related parties** |  |  |
| Purchases of electricity from kplc | xxx | xxx |
| Purchase of water from govt service providers | xxx | xxx |
| Rent expenses paid to govt agencies | xxx | xxx |
| Training and conference fees paid to govt. agencies | xxx | xxx |
| Others (*specify*) | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| 1. **Grants /Transfers from the Government** |  |  |
| Grants from National Govt | xxx | xxx |
| Grants from County Government | xxx | xxx |
| Donations in Kind | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| 1. **Expenses incurred on behalf of related parties** |  |  |
| Payments of Salaries and Wages for xx Employees | xxx | xxx |
| Payments for Goods and Services for XX | xxx | xxx |
| **Total** |  |  |
| 1. **Key Management Compensation** |  |  |
| Directors’ emoluments | xxx | xxx |
| Compensation to Key Management | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Segment Information**

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

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

1. **Contingent Assets and Contingent Liabilities**

**Contingent Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| **Contingent Assets** |  |  |
| Insurance Reimbursements | xxx | xxx |
| Assets arising from determination of Court Cases | xxx | xxx |
| Reimbursable Indemnities and Guarantees | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Contingent Liabilities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| **Contingent Liabilities** | xxx | xxx |
| Court Case Xxx against (*The Entity*) | xxx | xxx |
| Bank guarantees in favour of subsidiary | xxx | xxx |
| Contingent liabilities arising from Contracts including PPPs | xxx | xxx |
| Others (*Specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Give details)*

1. **Capital Commitments**

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

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

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

1. **Events After The Reporting Period**

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

1. **Ultimate And Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

1. **Currency**

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

# Appendices

**Appendix 1: Implementation Status of Auditor-General 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 entity 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.

|  |
| --- |
| **………………………………………………** |
| **Name** |
| **Accounting Officer** |
| **(Enter title of Head of entity)** |
| **Date** |

# 

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

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Project title** | **Project Number** | **Donor** | **Period/ duration** | **Donor commitment** | **Separate donor reporting required as per the donor agreement (Yes/No)** | **Consolidated in these financial statements**  **(Yes/No)** |
| 1 |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Project** | **Total project Cost** | **Total expended to date** | **Completion % to date** | **Budget** | **Actual** | **Sources of funds** |
| 1 |  |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |  |
| 3 |  |  |  |  |  |  |  |

**Appendix III- Inter-Entity Confirmation Letter**

***[Insert your Letterhead]***

*[Insert name of beneficiary Entity]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx 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 Entity] as at 30th June 20xx** | | | | | | | |
|  |  | Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 20XX | | | | Amount Received by [Beneficiary Entity]  (Kshs) as at 30th June 20XX  (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 Entity:**  **Name ………………………………………….. Sign …………………………….Date** **………………\_**\_\_\_\_\_\_\_\_\_\_ | | | | | | | |

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

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

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

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