*Revised 30th June 2023*

  

**XXX COUNTY XXX FUND/BOARD**

*(Indicate actual name of the county and fund)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 20xx**

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

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#  Acronyms and Glossary of Terms

1. Acronyms

BOM Board of Management

ICPAK Institute of Certified Public Accountants of Kenya

IPSAS International Public Sector Accounting Standards

PFM Public Finance Management

PSASB Public Sector Accounting Standards Board

Kshs            Kenya Shillings

1. Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

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

# Key Entity Information and Management

1. **Background information**

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

The fund’s objective is to ….

The Fund’s principal activity is ….

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

1. **Principal Activities**

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

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

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

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

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

1. **Key Management Steam**

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

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

**Key Entity and Management (Continued)**

1. **Fiduciary Oversight Arrangements**

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

|  |  |  |
| --- | --- | --- |
| **SN** | **Position** | **Name** |
| 1 | Directorate Internal Audit |  |
| 2 | Staff car Mortgage and car Loan Advisory Committee |  |
| 3 |  |  |

1. **Registered Offices**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

Nairobi, KENYA

1. **Fund Contacts**

Telephone: (254) XXXXXXXX

E-mail: XXXXXXXX.go.ke

Website: www.xxx.go.ke

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

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

1. Kenya Commercial Bank

…

...

…

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

**Key Entity and Management (Continued)**

1. **Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

1. **County Attorney**

*(list details of other County Attorneys if any.)*

# Board of Trustees/ Fund Administration Committee (Or Any Other Corporate Governance Body for The Fund)

|  |  |
| --- | --- |
| **Name** | **Details of qualifications and experience** |
| 1. Insert each Trustee’s passport-size photo and name
 | Provide a concise description of each Trustee’s date of birth, key academic and professional qualifications, and work experience. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable. |
| 1. Trustee 2
 |  |
| 1. Trustee 3
 |  |
| 1. Trustee 4
 |  |
| 1. Fund administrator/ Secretary to the Board
 |  |

# Management Team

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

1. **Board/Fund Chairperson’s Report**

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

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

|  |
| --- |
| Name…………………………….Signature……………………….Date………………….. |
| Chairperson of the Board/Fund |

*This report is a summarised overview of the fund and about a page or two)*

***Use one either the Board or Fund Administration committee as it may be appropriate)***

# Report of The Fund Administrator

*(Under this section, the Fund Administrator will give his report, which highlights the same issues* ***as the Chairperson in a more detailed format,*** *usually 1pages. The Fund Administrator may also mention at a high level the financial performance of the Fund).*

Include the following:

* + Mention the budget performance against actual amounts for current year and for cumulative to-date based on programmes, (make use of pictures, tables pie charts and graphs)
	+ Physical progress based on outputs, outcomes and impacts since establishment of County Public fund/Board/ Scheme (encouraged to use actual figures and percentages)
	+ Comment on each of the programs implemented by the fund and how they have been achieved.
	+ Comment on value-for-money achievements,
	+ List the implementation challenges of strategic objectives for the entity and the entity’s future outlook (here you could mention the budget allocation for the coming year and the programs that the entity wishes to undertake in line with the County Public fund/Board/ Scheme ’s strategic plan).
	+ Highlight key risk management strategies.

# Statement of Performance Against the County Fund’s Predetermined Objectives

Guidance

*Refer to the entity’s annual budget and program plan report on the extent of the county government entity’s progress in attaining the plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the County entity in implementation of its program plan. Refer to the strategic plan if the entity has one. (guidance to be removed in the last set of financial statements)*

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for *(Indicate period of the strategic plan)* are to:

1. *Provide quality physical infrastructure in the County*
2. *………………………..*
3. *………………………..*

**Progress on attainment of Strategic development objectives**

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

Below we provide the progress on attaining the stated objectives:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Program** | **Objective** | **Outcome** | **Indicator** | **Performance** |
| **Provision of Mortgage facilities to all members of staff** | To ensure all staff have access to Mortgage facilities | Number mortgages successfully applied | % of staff taking Mortgage facilities | **During FY ,20 Members of staff accessed the facility and were able build their own houses** |
| Program 2 | Objective | outcome | indicator | Performance |

# Corporate Governance Statement

Two-to-three pages

*(Under this section, include:*

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

# Management Discussion and Analysis

Two- three pages

*(Under this section, the management gives a report on the operational and financial performance of the Fund/Board during the period, entity’s key projects or investments decision implemented or ongoing, Fund’s compliance with statutory requirements, major risks facing the Fund, material arrears in statutory and other financial obligations, and any other information considered relevant to the users of the financial statements.)*

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

# Environmental and Sustainability Reporting

*Two-to-three pages*

*(The Fund gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation conserves the environment, promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives). Where no CSR activities are undertaken during the year, there is no need to include the statement).*

1. **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.

1. **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.

1. **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.)

1. **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
4. **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 Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 20xx which show the state of the Fund affairs.

**Principal activities**

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

**Results**

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

**Trustees**

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

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 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

……………………………………………………..

**Chair of the Board/Fund Administration Committee**

**Date:**

# Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the Fund)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(quote the applicable legislation establishing the County Public Fund).* The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 20xx, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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

**Approval of the financial statements**

The Fund*’s* financial statements were approved by the Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20xx and signed on its behalf by:

|  |
| --- |
| **………………………………………………….** |
| **Administrator of the County Public Fund** |

# Report of The Independent Auditor on the Financial Statements for (xxx) Fund/ Board/ Scheme

# Statement of Financial Performance for the Year Ended 30th June 20xx

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Note** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| **Revenue** **From** **Non-Exchange** **Transactions** |  |  |  |
| Public Contributions and Donations | 1 | xxx | xxx |
| Transfers From the County Government | 2 | xxx | xxx |
| Fines, Penalties and Other Levies | 3 | xxx | xxx |
|   |  | **xxx** | **xxx** |
| **Revenue** **From** **Exchange** **Transactions** |  |  |  |
| Interest Income | 4 | xxx | xxx |
| Other Income | 5 | xxx | xxx |
|   |  | **xxx** | **xxx** |
| **Total** **Revenue** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Employee Costs | 6 | xxx | xxx |
| Use of goods and services | 7 | xxx | xxx |
| Depreciation and Amortization Expense | 8 | xxx | xxx |
| Finance Costs | 9 | xxx | xxx |
| **Total** **Expenses** |  | **xxx** | **xxx** |
| **Other Gains/Losses** |  |  |  |
| Gain/Loss on Disposal of Assets | 10 | xxx | xxx |
| Gain /Loss on fair value of investments  | 11 | xxx | xxx |
| **Surplus/(Deficit)** f**or** **the** **Period** |  | **xxx** | **xxx** |

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

|  |  |
| --- | --- |
| **………………………………………** | **…………………………………………** |
| **Name:**  | **Name:**  |
| **Administrator of the Fund** | **Fund Accountant** |
|  | **ICPAK Member Number:** |

# Statement of Financial Position As at 30 June 20xx

| **Description** | **Note** | **Insert Current FY** | **Insert Comparative FY** |
| --- | --- | --- | --- |
| **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current** **Assets** |  |  |  |
| Cash and Cash Equivalents | 12 | xxx | xxx |
| Current Portion of Long- Term Receivables From Exchange Transactions | 13 | xxx | xxx |
| Prepayments | 14 | xxx | xxx |
| Inventories | 15 | xxx | xxx |
| Investments in financial assets | 16 | xxx | xxx |
|  **Total current assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Assets** |  |  |  |
| Property, Plant and Equipment | 17 | xxx | xxx |
| Intangible Assets | 18 | xxx | xxx |
| Long Term Receivables from Exchange Transactions | 13 | xxx | xxx |
|  Investment Property | 19 | xxx | xxx |
| **Total non- current assets** |  | **xxx** | **xxx** |
| **Total** **Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current** **Liabilities** |  |  |  |
| Trade and Other Payables from Exchange Transactions | 20 | xxx | xxx |
| Current Portion of Borrowings | 21 | xxx | xxx |
| Employee Benefit Obligations | 22 | xxx | xxx |
| Social benefit liabilities | 23 | xxx | xxx |
| **Total current liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Liabilities** |  |  |  |
| Long Term Portion of Borrowings | 21 | xxx | xxx |
| Non-Current Employee Benefit Obligation | 22 | xxx | xxx |
| Social benefit liabilities | 23 | xxx | xxx |
|  |  |  |  |
| **Total** **Liabilities** |  | **xxx** | **xxx** |
|   |  |  |  |
| **Net** **Assets** |  |  |  |
| Revolving Fund |  | xxx | xxx |
| Reserves |  | xxx | xxx |
| Accumulated Surplus |  | xxx | xxx |
| **Total** **Net** **Assets** **and** **Liabilities** |  | **xxx** | **xxx** |

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

|  |  |
| --- | --- |
| **………………………………………** | **…………………………………………** |
| **Name:**  | **Name:**  |
| **Administrator of the Fund** | **Fund Accountant** |
|  | **ICPAK Member Number:** |

# Statement Of Changes in Net Assets for the year ended 30th June 20xx

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Description**  | **Revolving Fund** | **Revaluation****Reserve** | **Accumulated surplus** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** |
| **Balance As At 1 July (Previous FY)** | xxx | xxx | xxx | xxx |
| Surplus/(Deficit) For the Period | - | - | xxx | xxx |
| Funds Received During the Year | xxx | - |  | xxx |
| Transfers | xxx |  | (xxx) |  |
| Revaluation Gain | - | xxx | - | xxx |
| **Balance** **As** **At** **30 June (Previous FY)** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |
| **Balance As At 1 July (Current FY)** | **xxx** | **xxx** | **xxx** | **xxx** |
| Surplus/(Deficit) For the Period |  | - | xxx | xxx |
| Funds Received During the Year | xxx | - | - | xxx |
| Transfers | xxx |  | (xxx) |  |
| Revaluation Gain | - | xxx | - | xxx |
| **Balance** **As** **At** **30 June (Current FY)** | **xxx** | **xxx** | **xxx** | **xxx** |

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

# Statement of Cash Flows for The Year Ended 30 June 20xx

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Note** | **Current FY** | **Current FY** |
| **Kshs** | **Kshs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |  |  |
| Public contributions and donations |  | xxx | xxx |
| Transfers from the county government |  | xxx | xxx |
| Interest received |  | xxx | xxx |
| Receipts from other operating activities |  | xxx | xxx |
| **Total receipts** |  | **xxx** | **xxx** |
| **Payments** |  |  |  |
| Fund administration expenses |  | xxx | xxx |
| General expenses |  | xxx | xxx |
| Finance cost |  | xxx | xxx |
| Other payments |  | **xxx** | **xxx** |
|  |  |  |  |
| **Net** **cash** **flows** **from** **operating** **activities**  | 24 | **xxx** | **xxx** |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Purchase of property, plant, equipment and Intangible assets |  | (xxx) | (xxx) |
| Proceeds from sale of property, plant & equipment |  | xxx | xxx |
| Proceeds from loan principal repayments |  | xxx | xxx |
| Loan disbursements paid out |  | (xxx) | (xxx) |
| **Net** **cash** **flows** **used** **in** **investing** **activities** |  | **(xxx)** | **(xxx)** |
|  |  |  |  |
| **Cash** **flows** **from** **financing** **activities** |  |  |  |
| Proceeds from revolving fund receipts |  | xxx | xxx |
| Additional borrowings |  | xxx | xxx |
| Repayment of borrowings |  | (xxx) | (xxx) |
| **Net** **cash** **flows** **used** **in** **financing** **activities** |  | **(xxx)** | **(xxx)** |
| **Net** **increase/(decrease)** **in** **cash** & **cash** **Equivalents** |  | **xxx** | **(xxx)** |
| Cash and cash equivalents at 1 July |  | xxx | xxx |
| **Cash** **and** **cash** **equivalents** **at** **30 June** |  | **xxx** | **xxx** |

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

# Statement Of Comparison Of Budget And Actual Amounts For The Period

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **Original** **budget** | **Adjustments** | **Final** **budget** | **Actual** **on comparable basis** | **Performance difference** | **% Utilization** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |  |
|  | **a** | **b** | **C=(a+b)** | **d** | **e=(c-d)** | **f=d/c\*100** |
| **Revenue** |  |  |  |  |  |  |
| Public Contributions and Donations | xxx | (xxx) | xxx | xxx | (xxx) |  |
| Transfers From County Govt. |  |  |  |  |  |  |
| Interest Income | xxx | - | xxx | xxx | (xxx) |  |
| Other Income | xxx | - | xxx | xxx | xxx |  |
| **Total** **Income** | **xxx** | **(xxx)** | **xxx** | **xxx** | **(xxx)** |  |
| **Expenses** |  |  |  |  |  |  |
| Fund Administration Expenses | xxx | - | xxx | xxx | (xxx) |  |
| General Expenses | xxx | (xxx) | xxx | xxx | (xxx) |  |
| Finance Cost | xxx | (xxx) | xxx | xxx | (xxx) |  |
| **Total** **Expenditure** | **xxx** | **(xxx)** | **xxx** | **xxx** | **(xxx)** |  |
| **Surplus** **For** **the** **Period** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |  |
|  |  |  |  |  |  |  |
| **Capital expenditure**  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |  |

**Budget notes**

1. *Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)*
2. *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

#  Notes to the Financial Statements

**Significant Accounting Policies**

**1. General Information**

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

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

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

### 3. Adoption of new and revised standards

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

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

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

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

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

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

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

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

1. **Early adoption of standards**

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

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

**Transfers from other government entities**

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

1. **Revenue from exchange transactions**

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder’s or the Entity’s right to receive payments is established.

**Rental income**

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

1. **Budget information**

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

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

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

1. **Property, plant and equipment**

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

### Intangible Assets

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

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

### 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.

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

### 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.

**Financial assets**

**Classification of financial assets**

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

**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.

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

**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.

**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.*

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

**Financial liabilities**

**Classification**

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

### Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

### Provisions

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

### 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.

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

### 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.

### Nature and purpose of reserves

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

### Changes in accounting policies and estimates

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

### Employee benefits – Retirement benefit plans

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

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

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

### 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.

### Borrowing costs

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

### Related parties

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

### Cash and cash equivalents

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

### Comparative figures

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

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

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

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

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

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

### Public contributions and donations

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Donation From Development Partners | xxx | xxx |
| Contributions From The Public | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

### Transfers from County Government

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Transfers From County Govt. –Operations | xxx | xxx |
| Payments By County On Behalf Of The Entity | xxx | xxx |
| Unconditional Development grants | xxx | xxx |
| **Total** | **xxx** | **xxx** |

### Fines, penalties and other levies

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Late Payment Penalties | xxx | xxx |
| Fines | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

### Interest income

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Interest Income from Mortgage Loans | xxx | xxx |
| Interest Income From Car Loans | xxx | xxx |
| Interest Income From Investments in financial assets | xxx | xxx |
| Interest Income On Bank Deposits | xxx | xxx |
| **Total** **Interest Income** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

**Notes to the Financial Statements Continued**

### Other income

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Insurance Recoveries | xxx | xxx |
| Income from Sale of Tender Documents | xxx | xxx |
| Bad debts recovered | xxx | Xxx |
| Miscellaneous Income | 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. Disclose write backs if any or recoveries from write offs).*

### Employee Costs

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Salaries And Wages | xxx | xxx |
| Staff Gratuity | xxx | xxx |
| Staff Training Expenses | xxx | xxx |
| Social Security Contribution | xxx | xxx |
| Other *(Specify)* | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

1. **Use of Goods and Services**

| **Description** | **Insert Current FY** | **Insert Previous** **FY** |
| --- | --- | --- |
| **Kshs.** | **Kshs.** |
| General Office Expenses | xxx | xxx |
| Loan Processing Costs | xxx | xxx |
| Professional Services Costs | xxx | xxx |
| Administration Fees | xxx | xxx |
| Committee Allowances | xxx | xxx |
| Bank Charges | xxx | xxx |
| Electricity And Water Expenses | xxx | xxx |
| Fuel And Oil Costs | xxx | xxx |
| Insurance Costs | xxx | xxx |
| Postage And Courier | xxx | xxx |
| Printing And Stationery | xxx | xxx |
| Rental Costs | xxx | xxx |
| Security Costs | xxx**.** | xxx. |
| Telephone And Communication Expenses | xxx | xxx |
| Bank Charges | xxx | xxx |
| Audit Fees | xxx | xxx |
| Provision For Doubtful Debts | xxx | xxx |
| Other (*Specify*) | xxx | xxx |
| Social benefit expenses\* |  |  |
| Total | xxx | xxx |

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

### Depreciation and Amortization Expense

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

### Finance costs

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Interest On Bank Overdrafts | xxx | xxx |
| Interest On Loans From Banks | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

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

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

### Gain/ (loss) on Fair Value Investments

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

### Cash and cash equivalents

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Xxx Car Loan Account | xxx | xxx |
| Xxx County Mortgage Account | xxx | xxx |
| Fixed Deposits Account | xxx | xxx |
| On – Call Deposits | xxx | xxx |
| Current Account | xxx | xxx |
| Others (*Specify*) | xxx | xxx |
| **Total** **Cash** **And** **Cash** **Equivalents** | **xxx** | **xxx** |

**Notes to the Financial Statements Continued**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial Institution** | **Account number** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| 1. **Fixed Deposits Account**
 |  |  |  |
| Kenya Commercial Bank |  | xxx | xxx |
| Equity Bank, Etc. |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
|  |  |  |  |
| 1. **On - Call Deposits**
 |  |  |  |
| Kenya Commercial Bank |  | xxx | xxx |
| Equity Bank - Etc. |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
|   |  |  |  |
| 1. **Current Account**
 |  |  |  |
| Kenya Commercial Bank |  | xxx | xxx |
| Bank B |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
|   |  |  |  |
| 1. **Others(Specify)**
 |  | xxx | xxx |
| Cash In Transit |  | xxx | xxx |
| Cash In Hand |  | xxx | xxx |
| **Sub- Total** |  | **xxx** | **xxx** |
| **Grand Total** |  | **xxx** | **xxx** |

### Receivables from exchange transactions

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current** **FY** | **Insert Comparative**  **FY** |
| **Kshs** | **Kshs** |
| **Current Receivables** |  |  |
| Interest Receivable | xxx | xxx |
| Current Loan Repayments Due | xxx | xxx |
| Other Exchange Debtors | xxx | xxx |
| Less: Impairment Allowance | (xxx) | (xxx) |
| **Total Current Receivables** |  |  |
|  |  |  |
| **Non-Current Receivables** |  |  |
| Long Term Loan Repayments Due | xxx | xxx |
| **Total Non- Current Receivables** | **xxx** | **xxx** |
| **Total** **Receivables From Exchange Transactions** | **xxx** | **xxx** |

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative** **FY** |
| **Kshs** | **Kshs** |
| **Interest Receivable** |  |  |
| Interest receivable from current portion of long-term loans of previous years | xxx | xxx |
| Accrued interest receivable from of long-term loans of previous years | xxx | xxx |
| Interest receivable from current portion of long-term loans issued in the current year | xxx | xxx |
| **Current loan repayments due** |  |  |
| Current portion of long-term loans from previous years | xxx | xxx |
| Accrued principal from long-terms loans from previous periods | xxx | xxx |
| Current portion of long-term loans issued in the current year | xxx | xxx |

### Prepayments

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative** **FY** |
| **Kshs** | **Kshs** |
| Prepaid Rent | xxx | xxx |
| Prepaid Insurance | xxx | xxx |
| Prepaid Electricity Costs | xxx | xxx |
| Other Prepayments *(Specify*) | xxx | xxx |
| **Total**  | **xxx** | **xxx** |

### Inventories

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current** **FY** | **Insert Previous** **FY** |
| **Kshs** | **Kshs** |
| Consumable Stores | xxx | xxx |
| Spare Parts And Meters | xxx | xxx |
| Catering | xxx | xxx |
| Other Inventories (Specify) | xxx | xxx |
| **Total** **Inventories** a**t** **The** **Lower** o**f** **Cost** a**nd** **Net** **Realizable** **Value** | **xxx** | **xxx** |

**Notes to the Financial Statements Continued**

### Investments in financial assets

|  |  |  |
| --- | --- | --- |
| **Description**  | ***Insert Current FY*** | ***Insert Previous.******FY*** |
| **Kshs**  | **Kshs**  |
| 1. **Investment in Treasury bills and bonds**
 |   |   |
| Financial institution  |   |   |
| CBK  | xxx  | xxx  |
| CBK  | xxx  | xxx  |
| Sub- total  | **xxx**  | **xxx**  |
| 1. **Investment with Financial Institutions/ Banks**
 |   |   |
| Bank x  | xxx  | xxx  |
| Bank y  | xxx  | xxx  |
| Sub- total  | **xxx**  | **xxx**  |
| 1. **Equity investments (specify)**
 |   |   |
| Equity/ shares in Entity xxx  | xxx  | xxx  |
| Sub- total  | **xxx**  | **xxx**  |
| **Grand total**  | **xxx**  | **xxx**  |

**(***Entity should disclose whether the fixed investment financial assets are measured at 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.*

 **Movement of Equity Investments**

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

**e)** **Shareholding in other entities**

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

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

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

### Property, plant and equipment

|  | **Land and****Buildings** | **Motor vehicles** | **Furniture and fittings** | **Computers and****office equipment** | **Total** |
| --- | --- | --- | --- | --- | --- |
| **Cost** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **At 1st July (Previuous FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | **-** | **xxx** |
| Disposals | (xxx) | (xxx) | **-** | **-** | **(xxx)** |
| Transfers/Adjustments | xxx | (xxx) | **xxx** | (xxx) | **(xxx)** |
| **At 30th June (Previuous FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 1st July (Current FY)** |  |  |  |  |  |
| Additions | xxx | xxx | xxx | - | **xxx** |
| Disposals | (xxx) | - | - | - | **(xxx)** |
| Transfer/Adjustments | (xxx) | xxx | xxx | (xxx) | **(xxx)** |
| **At 30th June (Current FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation And Impairment** |  |  |  |  |  |
| At 1st July (**Previuous** FY) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Depreciation | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Impairment | (xxx) | - | - | - | **(xxx)** |
| **At 30th June (Previuous FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 1st July (Current FY)** |  |  |  |  |  |
| Depreciation | (xxx) | (xxx) | (xxx) | - | **(xxx)** |
| Disposals | xxx | - | - | - | **xxx** |
| Impairment | (xxx) | (xxx) | - | - | **(xxx)** |
| Transfer/Adjustment | xxx | (xxx) | (xxx) | xxx | **xxx** |
| **At 30th June (Current FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Net Book Values** |  |  |  |  |  |
| **At 30th June (Previuous FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30th June (Current FY)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

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

### Intangible assets

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| **Cost** |  |  |
| **At Beginning of The Year** | xxx | xxx |
| Additions | xxx | xxx |
| **At End of The Year** | **xxx** | **xxx** |
| **Amortization And Impairment** |  |  |
| **At Beginning of The Year** | xxx | xxx |
| Amortization | xxx | xxx |
| **At End of The Year** | xxx | xxx |
| Impairment Loss | xxx | xxx |
| **At End of The Year** | **xxx** | **xxx** |
| **NBV** | **xxx** | **xxx** |

### Investment Property

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

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

### Trade and other payables from exchange transactions

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative** **FY** |
| **Kshs** | **Kshs** |
| Trade Payables | xxx | xxx |
| Refundable Deposits | xxx | xxx |
| Accrued Expenses | xxx | xxx |
| Other Payables | xxx | xxx |
| **Total** **Trade** a**nd** **Other** **Payables** | **xxx** | **xxx** |
|  |  |  |
| **Ageing analysis (Trade and other payables)** | **Current FY**  | **% of the Total**  | **Comparative** **FY** | **% of the Total**  |
| Under one year | xxx | % | xxx | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total (tie to above total)** | **xxx** |  | **xxx** |  |

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

###  Provisions

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

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

### Borrowings

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| **Balance At Beginning of The Period** | **xxx** | **xxx** |
| External Borrowings During the Year | xxx | xxx |
| Domestic Borrowings During the Year | xxx | xxx |
| Repayments Of External Borrowings During the Period | (xxx) | (xxx) |
| Repayments Of Domestics Borrowings During the Period | (xxx) | (xxx) |
| **Balance At End of The Period** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| **External Borrowings** |  |  |
| Dollar Denominated Loan From ‘X Organization’ | xxx | xxx |
| Sterling Pound Denominated Loan From ‘Y Organization’ | xxx | xxx |
| Euro Denominated Loan from Z Organization’ | xxx | xxx |
| **Domestic Borrowings** |  |  |
| Kenya Shilling Loan From KCB | xxx | xxx |
| Kenya Shilling Loan from Barclays Bank | xxx | xxx |
| Kenya Shilling Loan from Consolidated Bank | xxx | xxx |
| Borrowings From Other Government Institutions | xxx | xxx |
| **Total Balance at End of The Year** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **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 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)*

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

### 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**  | xxx | xxx | xxx | xxx | xxx |

### Social Benefit Liabilities

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Health social benefit scheme | xxx | xxx |
| Unemployment social benefit scheme  | xxx | xxx |
| Orphaned and vulnerable 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)**

### Cash generated from operations

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
|  **Surplus/ (Deficit) For the Year Before Tax** | **xxx** | **xxx** |
| **Adjusted For:** |  |  |
| Depreciation  | xxx | xxx |
| Amortisation | xxx | xxx |
| Gains/ Losses On Disposal Of Assets | (xxx) | (xxx) |
| Interest Income | (xxx) | (xxx) |
| Finance Cost | xxx | xxx |
| **Working Capital Adjustments** |  |  |
| Increase In Inventory | (xxx) | (xxx) |
| Increase In Receivables | (xxx) | (xxx) |
| Increase In Payables | xxx | xxx |
| **Net Cash Flow From Operating Activities** | **xxx** | **xxx** |

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

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

### Related party balances

1. **Nature of related party relationships**

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

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Transfers From Related Parties’ | xxx | xxx |
| Transfers To Related Parties | xxx | xxx |

1. **Key management remuneration**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Board Of Trustees | xxx | xxx |
| Key Management Compensation | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Due from related parties**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Due From Parent Ministry | xxx | xxx |
| Due From County Government | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Other Disclosures Continued**

1. **Due to related parties**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Due To Parent Ministry | xxx | xxx |
| Due To County Government | xxx | xxx |
| Due To Key Management Personnel | xxx | xxx |
| **Total** | **xxx** | **xxx** |

### Contingent assets and contingent liabilities

|  |  |  |
| --- | --- | --- |
| **Contingent Liabilities** | **Insert Current FY** | **Insert Comparative FY** |
| **Kshs** | **Kshs** |
| Court Case Xxx Against the Fund | xxx | xxx |
| Bank Guarantees  | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Give details)*

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

### Financial risk management

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

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

1. **Credit risk**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Total amount****Kshs** | **Fully performing****Kshs** | **Past due****Kshs** | **Impaired****Kshs** |
| **At 30 June 2022** |  |  |  |  |
| 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 2021** |  |  |  |  |
| 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)**

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

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

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

1. **Liquidity risk management**

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

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Less than 1 month** | **Between 1-3 months** | **Over 5 months** | **Total** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **At 30 June (Current FY)** |  |  |  |  |
| Trade Payables | xxx | xxx | xxx | xxx |
| Current Portion Of Borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Employee Benefit Obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **At 30 June (Comparative FY)** |  |  |  |  |
| Trade Payables | xxx | xxx | xxx | xxx |
| Current Portion Of Borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Employee Benefit Obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

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

1. **Market risk**

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

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

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

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

1. **Foreign currency risk**

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

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

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

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

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

**Foreign currency sensitivity analysis**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Change in****currency rate** | **Effect on surplus/ deficit** | **Effect on****equity** |
| **Kshs** | **Kshs** | **Kshs** |
| **(Current FY)** |  |  |  |
| Euro | 10% | xxx | xxx |
| USD | 10% | xxx | xxx |
| **(Comparative FY)** |  |  |  |
| Euro | 10% | xxx | xxx |
| USD | 10% | xxx | xxx |

1. **Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

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

1. **Capital risk management.**

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Current FY** | **Comparative FY** |
| **Kshs** | **Kshs** |
| Revaluation reserve | xxx | xxx |
| Revolving fund | xxx | xxx |
| Accumulated surplus | xxx | xxx |
| **Total funds** | **xxx** | **xxx** |
|  |  |  |
| Total borrowings | xxx | xxx |
| Less: cash and bank balances | (xxx) | (xxx) |
| Net debt/(excess cash and cash equivalents) | xxx | xxx |
| **Gearing** | xx% | xx% |

### Events after the reporting period

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

### Ultimate and Holding Entity

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

###  Currency

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

# Annexes

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

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

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

***Guidance Notes:***

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

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

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

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

***[Insert your Letterhead]***

*[Insert name of beneficiary Fund]*

*[Insert Address]*

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

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

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

**Annex IV: 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 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |