*Revised 30th June 2023*



*Add the Entity’s Logo*

**XXX CITY/MUNICIPALITY**

***County Government of XXX***

*(Indicate the actual name of the County Government and City/Municipality)*

**QUARTERLY REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**SEPTEMBER/DECEMBER/MARCH/JUNE 20XX**

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

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# Acronyms & Glossary of Terms

*Insert acronyms and glossary of terms used in the report e.g.*

PSASB Public Sector Accounting Standards Board

FY Financial Year

OSHA Occupational Safety & Heath Act

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

# Key Entity Information And Management

1. **Background information**

xxx City/Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on *(Insert date)* The City/ Municipality is under the County Government of *xxx* and is domiciled in Kenya.

1. **Principal Activities**

The principal activity/mission/ mandate of the City/ Municipality is to …

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

1. **Key Management**

The *City/Municipality’s* management is under the following key organs:

* County department of in charge of Cities/Municipalities
* Board of Management
* Accounting Officer/ City/Municipality Manager
* Management
* Others (*specify)*

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** | **Position** | **Name** |
| 1 | City/Municipality Manager |  |
| 2 | Directors/Head of departments |  |

*(Include all positions regarded as top management for the City/Municipality).*

1. **Fiduciary Oversight Arrangements**

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

1. Audit and Risk Management Committee
2. County Assembly committees
3. Committees of the Senate
4. **Registered Offices**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

XXX, KENYA

1. **Contacts**

Telephone: (+254) XXXXXXXX

E-mail: xxx.com

Website: xxx.go.ke

1. **Bankers**

Commercial Banks

…

*(List the bank details where the City/Municipality has accounts)*

1. **Independent Auditor**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

*(Indicate your County Attorney where applicable)*

# City/Municipality Board

|  |  |
| --- | --- |
| **Name** | **Details of qualifications and experience** |
| 1. Board Member 1   *(Insert each Board Member’s passport-size photo and name)* | *Provide a concise description of each Board Member’s age, key academic and professional qualifications and work experience. Indicate whether the Board Member is independent or an executive director and which committee of the Board the Member chairs where applicable.* |
| 1. Board Member 2 |  |
| 1. Board Member 3 |  |
| 1. Board Member 4 |  |

# Key Management Team

|  |  |
| --- | --- |
| **Name** | **Details of qualifications and experience** |
| 1. Manager 1:   (*Insert each key Manager’s passport-size photo and name)* | *Provide a concise description of each Manager’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 City/Municipality Manager will feature under both the ‘Board’ and ‘Management’.)* | |

# Management Discussion and Analysis

**SECTION A**

**The entity’s operational and financial performance**

*The entity should provide an overview of performance as per its mandate in tandem with the County Government strategic objectives and policies. These include key performance indicators, observations with respect to the financial statements, surpluses, earnings, cash flows and whether or not past performance may be indicative of future results) (In addition, under this section the entity should capture information pertaining to growth & strategy – touching on industry trends, financial flexibility, etc; challenges and opportunities – touching on key events, demands on the entity’s principal activities etc).*

**SECTION B**

**Entity’s compliance with statutory requirements**

*(The entity should indicate the extent of compliance and whether there are any major non-compliance issues that may expose the entity to potential contingent liabilities. Ongoing or potential court cases and defaults should be summarized here clearly indicating the total exposure*

**SECTION C**

**Key projects and investment decisions the entity is planning/implementing.**

*The entity should include here in the viability of such projects and how they are facilitating the entity in delivery of its mandate in line with the County Government strategic objectives and policies). (The entity should also indicate how the projects and investments decisions are being financed ie are they being financed by equity/debt, internal generated revenue, grants from Government and Development partners, borrowings. A statement on sustainability of the same should be included).*

**SECTION D**

**Major risks facing the entity.**

*(The entity should include under this section the key risks facing the entity ranging from Operational Risks, Market Risks, Capital Risk, Credit risks, Liquidity risks etc). This should be emanating from the entity’s risk management framework.*

**Management Discussion and Analysis (continued)**

**SECTION E**

**Material arrears in statutory/financial obligations**

*(This should include but not limited to items such as loan default, pending bills, tax default, outstanding staff & pension obligations/actuarial deficit on pension schemes, non- payment of dividends & loan redemption to the National Exchequer etc).*

**SECTION F**

**The entity’s financial probity and serious governance issues**

*(Under this section the entity should indicate whether there are any major financial improbity as reported by internal audit/Board audit committee, external auditors, or other County Government Agencies providing oversight; and if there are serious governance issues among the Board or member of the Board and top management including conflict of interest.)*

# Statement of Management’s Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Accounting Officer of the City/Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The City/Municipality manager is responsible for the preparation and presentation of the City/Municipality’s financial statements, which give a true and fair view of the state of affairs of the City/Municipality for and as at the end of the 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 City/Municipality, (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 City/Municipality, (v)Selecting and applying appropriate accounting policies, and (vi)Making accounting estimates that are reasonable in the circumstances.

The City/Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban* Areas and Cities Act No. 13 of 2011*.* The City/Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of City/Municipality’s transactions during the financial period ended June 30, 20xx, and the financial position as at that date.

The City/Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the City/Municipality Manager has assessed the City/Municipality’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the City/Municipality Manager to indicate that the City/Municipality 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 City/Municipal/City*’s* financial statements were approved by the Board on \_\_\_ 20xx and signed on its behalf by:

|  |  |
| --- | --- |
| **…………………………………..** | **………………………………………..** |
| **Name:** | **Name:** |
| **Chairperson of the Board** | **Accounting officer** |

# Statement of Financial Performance for the period ended xxx 20xx.

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Notes** | **Period ended Sept\*/Dec\*/**  **Mar\*/June\* 20XX** | **Comparative**  **Period prior year** |
|  | **Kshs.** | **Kshs.** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |
| Transfers from the County Government | 5 | xxx | xxx |
| Public contributions and donations | 6 | xxx | xxx |
| Levies Fines and Penalties | 7 | xxx | xxx |
| Other revenues (*Specify)* | 8 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Revenue** **from** **exchange** **transactions** |  |  |  |
| Interest income | 9 | xxx | xxx |
| Miscellaneous Income | 10 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Total** **revenue** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Expenditure** |  |  |  |
| Use of goods and services | 11 | xxx | xxx |
| Staff costs | 12 | xxx | xxx |
| Board expenses | 13 | xxx | xxx |
| Finance costs | 14 | xxx | xxx |
| Depreciation and amortization | 15 | xxx | xxx |
| Repairs and maintenance | 16 | xxx | xxx |
| **Total** **expenses** |  | **xxx** | **xxx** |
| **Other gains/losses** |  |  |  |
| Gain/loss on disposal of assets | 17 | **xxx** | **xxx** |
| **Surplus/(deficit)** **for** **the** **period** |  | **xxx** | **xxx** |

The notes set out on pages xxx to xxx form an integral part of these Financial Statements. The entity financial statements were approved on \_\_\_\_\_\_\_\_\_\_\_ 20xx and signed by:

|  |  |  |
| --- | --- | --- |
| **……………………………………** |  | **…………………………………** |
| **Name:** |  | **Name:** |
| **City/Municipality Manager** |  | **Head of Finance** |
|  |  | **ICPAK M/No** |

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

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

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

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

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

# Statement of Financial Position As At Sep/Dec/Mar/Jun 20xx

| **Description** | **Note** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/June\*** | **Audited**  **Prior Year** |
| --- | --- | --- | --- |
|  | **Kshs.** | **Kshs.** |
| **Assets** |  |  |  |
| **Current** **assets** |  |  |  |
| Cash and cash equivalents | 18 | xxx | xxx |
| Receivables from exchange transactions | 19 | xxx | xxx |
| Receivables from Non- exchange transactions | 20 | xxx | xxx |
| Prepayments | 21 | xxx | xxx |
| Inventories | 22 | xxx | xxx |
|  |  | **xxx** | **xxx** |
| **Non-current** **assets** |  |  |  |
| Property, plant, and equipment | 23 | xxx | xxx |
| Intangible assets | 24 | xxx | xxx |
| **Total Non-current Assets** |  | **xxx** | **xxx** |
| **Total** **assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current** **liabilities** |  |  |  |
| Trade and other payables | 25 | xxx | xxx |
| Provisions | 26 | xxx | xxx |
| Deferred Income | 27 | xxx | xxx |
| Borrowings | 28 | xxx | xxx |
| Employee benefit obligations | 29 | xxx | xxx |
| Social Benefits | 30 | xxx | xxx |
|  |  | xxx | xxx |
| **Non-current** **liabilities** |  |  |  |
| Provisions | 26 | xxx | xxx |
| Deferred Income | 27 | xxx | xxx |
| Borrowings | 28 | xxx | xxx |
| Non-current employee benefit obligation | 29 | xxx | xxx |
| Social Benefits | 30 | xxx | xxx |
| **Total** **liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Net** **assets** |  | **xxx** | **xxx** |
| **Capital/Development Grants/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 \_\_\_\_\_\_\_\_\_\_\_ 2022 and signed by:

|  |  |
| --- | --- |
| **……………………………………** | **…………………………………** |
| **Name:** | **Name:** |
| **City/Municipality Manager** | **Head of Finance** |
| **Date:** | **ICPAK M/No** |
|  | **Date:** |

# Statement of Changes In Net Assets for the period ended Sep/Dec/Mar /Jun 20xx

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Capital/**  **Development Grants/Fund** | **Revaluation**  **Reserve** | **Accumulated surplus** | **Total** |
|  | **Kshs.** | **Kshs.** | **Kshs.** |
|  |  |  |  |  |
| **As at 1st July Prior year** | xxx | xxx | Xxx | xxx |
| Surplus/(deficit) for the year |  | - | Xxx | xxx |
| Funds received during the period | xxx | - | - | xxx |
| Revaluation gain | - | xxx | - | xxx |
| **As at 30th June Prior Year** | **xxx** | **xxx** | **Xxx** | **xxx** |
|  |  |  |  |  |
| **As at 1st July current year** | **xxx** | **xxx** | **Xxx** | **xxx** |
| Surplus/(deficit) for the period |  | - | Xxx | xxx |
| Funds received during the period | xxx | - | - | xxx |
| Revaluation gain | - | xxx | - | xxx |
| **As at Sep/Dec/Mar/Jun 20xx** | **xxx** | **xxx** | **Xxx** | **xxx** |

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

# Statement of Cash Flows for the period ended Sep/Dec/Mar/Jun 20xx

| **Description** | **Note** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| --- | --- | --- | --- |
|  | **Kshs.** | **Kshs.** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |  |  |
| Transfers from the County Government |  | xxx | xxx |
| Public contributions and donations |  | xxx | xxx |
| Interest received |  | xxx | xxx |
| Miscellaneous receipts *(Specify)* |  | xxx | xxx |
| **Total Receipts** |  | **xxx** | **xxx** |
| **Payments** |  |  |  |
| Use of goods and services |  | xxx | xxx |
| Staff costs |  | xxx | xxx |
| Board expenses |  | xxx | xxx |
| Finance costs |  | xxx | xxx |
| **Total Payments** |  | **(xxx)** | **(xxx)** |
| **Net** **cash** **flows** **from/ (used in)** **operating** **activities** | 29 | **xxx** | **xxx** |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Purchase of PPE & intangible assets |  | (xxx) | (xxx) |
| Proceeds from sale of PPE |  | xxx | xxx |
| **Net cash flows from/ (used in) investing activities** |  | **(xxx)** | **(xxx)** |
|  |  |  |  |
| **Cash** **flows** **from** **financing** **activities** |  |  |  |
| Receipts from Capital grants |  | xxx | xxx |
| Proceeds from borrowings |  | xxx | xxx |
| Repayment of borrowings |  | (xxx) | (xxx) |
| **Net cash flows from/(used in) financing activities** |  | **(xxx)** | **(xxx)** |
|  |  |  |  |
| **Net** **increase/(decrease)** **in** **cash** & **cash equivalents** |  | **xxx** | **xxx** |
| Cash And Cash Equivalents as at 1st July | 16 | xxx | xxx |
| **Cash** **And** **Cash** **Equivalents** as at end of the period | 16 | **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 & Actual Amounts for period ended xxx 20xx

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Original** **budget\*** | **Adjustments\*** | **Final** **budget\*** | **Actual** **on comparable basis for the period ended xx 20xx** | **% of**  **utilisation** |
| **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** |  |
|  | **a** | **b** | **c=(a+b)** | **d** | **e=d/c** |
| **Revenue** |  | **Kshs.** | **Kshs.** | **Kshs.** |  |
| Transfers from the County Government | xxx | (xxx) | xxx | xxx | **%** |
| Public contributions and donations | xxx | (xxx) | xxx | xxx | **%** |
| Interest income | xxx | (xxx) | xxx | xxx | **%** |
| Miscellenous income (*specify*) | xxx | (xxx) | xxx | xxx | **%** |
| **Total** **Revenue** | **xxx** | **xxx** | **xxx** | **xxx** | **%** |
| **Expenses** |  |  |  |  |  |
| Use of goods and services | xxx | (xxx) | xxx | xxx | **%** |
| Board expenses | xxx | (xxx) | xxx | xxx | **%** |
| Staff Costs | xxx | (xxx) | xxx | xxx | **%** |
| Finance costs | xxx | (xxx) | xxx | xxx | **%** |
| **Total Expenditure** | xxx | (xxx) | xxx | xxx | **%** |
| **Surplus** **for** **the** **period** | **xxx** | **xxx** | **xxx** | **xxx** |  |
| **Capital Expenditure** | **xxx** | **(xxx)** | **xxx** | **xxx** | **%** |

*Budget figures are presented on a cumulative basis.*

**Budget notes**

*[Provide an explanation of differences between actual and budgeted amounts (10% over/ under)]*

*(Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes.*

*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 City/Municipality is established by and derives its authority and accountability from xxx Act. The City/Municipality is under the xx County Government 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 judgment in the process of applying the *entity’s* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

***Notes to financial statements continued***

1. **Significant Accounting Policies**
   * + 1. **Revenue recognition**
2. **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 City/Municipality 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**

***Interest income***

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

* + - 1. **Budget information**

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

**Significant Accounting Policies (Continued)**

* + - 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 City/Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

* + - 1. **Intangible assets**

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

* + - 1. **Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company’s financial statements. (ammend 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.

**Significant Accounting Policies (Continued)**

**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.

**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.

**Significant Accounting Policies (Continued)**

**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.*

**Financial liabilities**

**Classification**

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

**Significant Accounting Policies (Continued)**

* + - 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. 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 City/Municipality.

* + - 1. **Provisions**

Provisions are recognized when the City/Municipality 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 City/Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

* + - 1. **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.

**Significant Accounting Policies (Continued)**

* + - 1. **Contingent liabilities**

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

* + - 1. **Contingent assets**

The City/Municipality 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 City/Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset’s value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

* + - 1. **Nature and purpose of reserves**

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

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

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

**Significant Accounting Policies (Continued)**

* + - 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 in 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 City/Municipality 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 City/Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the City/Municipality Managers and City/Municipality Accountant.

* + - 1. **Cash and cash equivalents**

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

* + - 1. **Comparative figures**

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

**Significant Accounting Policies (Continued)**

* + - 1. **Events after the reporting period**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date).*

The City/Municipality should indicate whether there are material adjusting and non- adjusting events after the reporting period.

* + - 1. **Currency**

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

***Significant accounting policies (continued***

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

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

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The City/Municipality 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 City/Municipality. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual values**

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

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

**Notes to the Financial Statements**

1. **Transfers from the County Government**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| **Kshs.** | **Kshs.** |
| Transfers from County Govt. – Recurrent | xxx | xxx |
| Payments by County on behalf of the entity | xxx | xxx |
| Unconditional development grants | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

**b)** **Transfers from County Government entities**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of the Entity Sending The Grant** | **Amount recognized to Statement of Financial performance for the period**  **KShs** | **Amount deferred under deferred income during the period**  **KShs** | **Amount recognised in capital fund during the period** | **Total transfers for the period ended xx 20XX** | **Comparative period prior year** |
| **KShs** | **KShs** | **KShs** |
| Department | xxx | xxx | xxx | xxx | xxx |
| Department | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the sending County office. An acknowledgement note/receipt should be raised in favour of the sending County office.) \*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. Total of column 1 should tie to note 5 above*

1. **Public Contributions and Donations**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/June\*** | **Comparative**  **Period prior year** |
| **Kshs.** | **Kshs.** |
| Donation from development partners | xxx | xxx |
| Contributions from the public | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the Financial Statements**

1. **Levies, Fines and penalties**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| **Kshs.** | **Kshs.** |
| Levies | xxx | xxx |
| Fines | xxx | xxx |
| Penalties | xxx | xxx |
| Others *(indicate and specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Other Revenues from Non-Exchange Transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| **Kshs.** | **Kshs.** |
| Transfers from other government entities | xxx | xxx |
| Others *(indicate and specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

(*Provide a brief explanation for this revenue*)

**b. Transfers from County Government entities**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of the Entity Sending The Grant** | **Amount recognized to Statement of Financial performance for the period**  **KShs** | **Amount deferred under deferred income during the period**  **KShs** | **Amount recognised in capital fund during the period** | **Total transfers received for the period ended xx 20XX** | **Comparative period prior year** |
| **KShs** | **KShs** | **KShs** |
| Department | xxx | xxx | xxx | xxx | xxx |
| Department | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**Notes to the Financial Statements**

1. **Interest income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| **Kshs.** | **Kshs.** |
| Interest income from investments | xxx | xxx |
| Interest income on bank deposits | xxx | xxx |
| Others *(Specify)* | xxx | xxx |
| **Total** **interest income** | **xxx** | **xxx** |

*(Provide brief explanation for this revenue)*

1. **Miscellaneous income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| **Kshs.** | **Kshs.** |
| Income from sale of tender documents | xxx | xxx |
| Others *(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** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| --- | --- | --- |
| **Kshs.** | **Kshs.** |
| Utilities, supplies and services | xxx | xxx |
| Communication, supplies and services | xxx | xxx |
| Domestic travel and subsistence | xxx | xxx |
| Foreign travel and subsistence | xxx | xxx |
| Printing, advertising, supplies & services | xxx | xxx |
| Rent and rates | xxx | xxx |
| Training expenses | xxx | xxx |
| Hospitality supplies and services | xxx | xxx |
| Insurance costs | xxx | xxx |
| Specialized materials and services | xxx | xxx |
| Office and general supplies and services | xxx | xxx |
| Fuel, oil and lubricants | xxx | xxx |
| Other operating expenses (*Specify*) | xxx | xxx |
| Routine maintenance – vehicles and other equipment | xxx | xxx |
| Routine maintenance – other assets | xxx | xxx |
| Contracted Professional Services | xxx | xxx |
| Audit fees | xxx | xxx |
| Hire of Transport, equipment etc | xxx | xxx |
| Social benefit expenses\* | xxx | xxx |
| Bank Charges | xxx | xxx |
| **Total** | **xxx** | **xxx** |

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

*.*

1. **Staff costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| **Kshs.** | **Kshs.** |
| Salaries and wages | xxx | xxx |
| Staff gratuity | xxx | xxx |
| Social security contribution | xxx | xxx |
| Other staff costs *(Specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

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

1. **Board expenses**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior period** |
| **Kshs.** | **Kshs.** |
| Chairman/Members’ Honoraria | xxx | xxx |
| Sitting allowances | xxx | xxx |
| Medical Insurance | xxx | xxx |
| Induction and Training | xxx | xxx |
| Travel and accommodation | xxx | xxx |
| Conference Costs | xxx | xxx |
| Other allowances (*Specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Finance costs**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior period** |
| **Kshs.** | **Kshs.** |
| Interest on Bank overdrafts | xxx | xxx |
| Interest on loans from banks | xxx | xxx |
| **Total** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior period** |
| **Kshs.** | **Kshs.** |
| Property, plant and equipment | xxx | xxx |
| Intangible assets | xxx | xxx |
| **Total** | **xxx** | **xxx** |

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

1. **Depreciation and amortization**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior period** |
| **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** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior period** |
| **KShs** | **KShs** |
| Property- Buildings | xxx | xxx |
| Office equipment | xxx | xxx |
| Furniture and fittings | xxx | xxx |
| Motor vehicle expenses | xxx | xxx |
| Maintenance of civil works | xxx | xxx |
| **Total** **repairs** **and** **maintenance** | **xxx** | **xxx** |

1. **Cash and cash equivalents**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior period** | **Prior Year Audited** |
| **Kshs.** | **Kshs** | **Kshs.** |
| Fixed deposits account | xxx | xxx. | xxx |
| On – call deposits | xxx | xxx | xxx |
| Current account | xxx | xxx | xxx |
| Others(*specify*) | xxx | xxx | xxx |
| **Total** | **xxx** | xxx | **xxx** |

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

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

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

| **Financial institution** | **Account number** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior period** | **Prior Year Audited** |
| --- | --- | --- | --- | --- |
| **Kshs.** | **Kshs** | **Kshs.** |
| 1. **Fixed deposits account** |  |  |  |  |
| Kenya Commercial bank |  | xxx | xxx | xxx |
| Equity Bank, etc |  | xxx | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** | **Xxx** |
| 1. **On - call deposits** |  |  |  |  |
| Kenya Commercial bank |  | xxx | xxx | xxx |
| Equity Bank - etc |  | xxx | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** | **xxx** |
| 1. **Current account** |  |  |  |  |
| Kenya Commercial bank |  | xxx | xxx | xxx |
| Equity Bank - etc |  | xxx | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** | **xxx** |
| 1. **Others(specify)** |  | xxx | xxx | xxx |
| Cash in transit |  | xxx | xxx | xxx |
| Cash in hand |  | xxx | xxx | xxx |
| Mobile Money |  | xxx | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** | **xxx** |
| **Grand total** |  | **xxx** | **xxx** | **xxx** |

1. **Receivables from exchange transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| **Current Receivables** |  |  |
| Service, water and electricity debtors | xxx | Xxx |
| Other exchange debtors | xxx | Xxx |
| Less: impairment allowance | (xxx) | (xxx) |
| **Total Current receivables (a)** | **xxx** | **xxx** |
|  |  |  |
| **Non-Current receivables** |  |  |
| Service, water and electricity debtors | xxx | xxx |
| Other exchange debtors | xxx | xxx |
| Less: impairment allowance | (xxx) | (xxx) |
| **Total Non- current receivables (b)** | **xxx** | **xxx** |
| **Total** **receivables from exchange transactions** | **xxx** | **xxx** |

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

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Transfer from County Executive | xxx | xxx |
| Transfer from XXXX Fund | xxx | xxx |
| **Total** **receivables from non-exchange transactions** | **xxx** | **xxx** |

1. **Prepayments**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Prepaid rent | xxx | xxx |
| Prepaid insurance | xxx | xxx |
| Prepaid electricity costs | xxx | xxx |
| Other prepayments*(specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Inventories**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Stationery | xxx | xxx |
| Consumables | xxx | xxx |
| Other inventories(*specify*) | xxx | xxx |
| **Total** **inventories** **at** **the** **lower** **of** **cost** **and** **net** **realizable** **value** | **xxx** | **xxx** |

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

1. **Property, Plant and Equipment**

| **Description** | **Land** | **Building** | **Motor vehicles** | **Furniture and fittings** | **Computers** | **Other Assets**  **(specify)** | **Capital**  **Work in progress** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Shs** | **Shs** | **Shs** | **Shs** | **Shs** | **Shs** | **Shs** | **Shs** |
|  |  |  |  |  |  |  |  |  |
| **As at 1st July 20xx-1** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx | **xxx** | **xxx** | **xxx** | **xxx** |
| Disposals | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfers/adjustments | xxx | **-** | (xxx) | **xxx** | (xxx) | (xxx) | **xxx** | **(xxx)** |
| **As at 30th June 20xx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx | - | xxx | xxx | **xxx** |
| Disposals | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfer/adjustments | (xxx) | - | xxx | xxx | (xxx) | (xxx) | xxx | **(xxx)** |
| **As at end of period Sept/Dec/March/June** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation and impairment** |  |  |  |  |  |  |  |  |
| **As at 1st July 20xx-1** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Depreciation |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Impairment |  | - | - | - | - | (xxx) | - | **(xxx)** |
| Transfers/ Adjustments |  | - | xxx | xxx | (xxx) | (xxx) | xxx | **(xxx)** |
| **As at 30th June 20xx** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Depreciation |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Disposals |  | (xxx) | (xxx) | (xxx) | - | (xxx) | (xxx) | **(xxx)** |
| Impairment |  | - | (xxx) | - | - | (xxx) | - | **(xxx)** |
| Transfer/adjustment |  | - | (xxx) | (xxx) | xxx | (xxx) | (xxx) | **xxx** |
| **As at end of the period Sept/Dec/Sept/ June** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |  |  |
| **NBV Prior Year Audited** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **NBV as at end of the period Sept/Dec/ Sept/ June** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

***(****Include a brief description of WIP as a footer.)*

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

1. **Intangible assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| **Cost** |  |  |
| At beginning of the period/ year | xxx | xxx |
| Additions | xxx | xxx |
| At end of the period/ year | **xxx** | **xxx** |
|  |  |  |
| **Amortization and impairment** | xxx | xx |
| At beginning of the period/year | xxx | xxx |
| Amortization | xxx | xxx |
| At end of the period/year | xxx | xxx |
| Impairment loss | xxx | xxx |
| At end of the period/year | **xxx** | **xxx** |
| **NBV** | **xxx** | **xxx** |

(\*Period applies to the current period column while year is full year for the previous period)

1. **Trade and other payables from exchange transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Trade payables | xxx | xxx |
| Refundable deposits (Retentions, court bonds etc) | xxx | xxx |
| Accrued expenses | xxx | xxx |
| Other payables *(Specify)* | xxx | xxx |
| **Total** **trade** **and** **other** **payables** | **xxx** | **xxx** |

1. **Provisions**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Balance at the beginning of the period/year | xxx | xxx |
| Additional Provisions during the period / year | xxx | xxx |
| Provision utilised during the period/ year | (xxx) | (xxx) |
| **Balance at the end of the period/year** | **xxx** | **xxx** |
|  |  |  |
| Current Portion of provision | xxx | xxx |
| Long term portion of provision | xxx | xxx |
| **Total Provisions** | **xxx** | **xxx** |

(\*Period applies to the current period column while year is full year for the previous period)

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

1. **Deferred Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep/Dec/Mar/Jun 20xx** | **Prior year**  **audited** |
| **Kshs** | **Kshs** |
| Current Portion | xxx | xxx |
| Non-Current Portion | xxx | xxx |
| **Total** | **xxx** | **xxx** |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **National**  **government** | **International**  **funders/ donors** | **Public contributions and donations** | **Total** |
| Balance b/f | xxx | xxx | xxx | xxx |
| Additions during the period | xxx | xxx | xxx | xxx |
| Transfers to Capital fund during  the period | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers to statement of financial performance | (xxx) | (xxx) | (xxx) | (xxx) |
| Other transfers (Specify) | (xxx) | (xxx) | (xxx) | (xxx) |
| Balance C/F | xxx | xxx | xxx | xxx |

1. **Borrowings**

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Short term borrowings (current portion) | xxx | xxx |
| Long term borrowings | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Current portion of borrowings are those borrowings that are payable within one period or the next financial period. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)*

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior period audited** |
| **Kshs.** | **Kshs.** |
| **Balance at beginning of the period** | **xxx** | **xxx** |
| Borrowings during the period/year | xxx | xxx |
| Repayments of borrowings during the period/year | (xxx) | (xxx) |
| **Balance at end of the period/year** | **xxx** | **xxx** |

(\*Period applies to the current period column while year is full year for the previous period)

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

The table below shows the Distribution of borrowings:

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| **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 period** | **xxx** | **xxx** |

1. **Employee benefit obligations**

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

1. **Social Benefit Liabilities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Prior Year Audited** |
| **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 benefits 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** |

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

1. **Cash generated from operations**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative prior period** |
| **Kshs.** | **Kshs.** |
| **Surplus/ (deficit) for the period 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****)***

1. **Contingent liabilities**

|  |  |  |
| --- | --- | --- |
| **Contingent liabilities** | **Period ended**  **Sep\*/Dec\*/Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Court case xxx against the entity | xxx | xxx |
| Bank guarantees | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Give details)*

1. **Contingent Assets**

|  |  |  |
| --- | --- | --- |
| **Contingent liabilities** | **Period ended**  **Sep\*/Dec\*/Mar\*/Jun\*** | **Prior Year Audited** |
| **Kshs.** | **Kshs.** |
| Court case xxx against the entity | xxx | xxx |
| Others Specify | xxx | xxx |
| **Total** | **xxx** | **xxx** |

# Annexes

**Annex 1: Statement of Financial Performance**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Description** | **Notes** | **Period ended**  **September** | **Period ended**  **December** | **Period**  **ended**  **March** | **Period ended**  **June** | **Cumulative\*\*** | **Comparative**  **Prior period** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |  |  |  |  |
| Transfers from the County Government | 6 | xxx | xxx | xxx | xxx | xxx | xxx |
| Public contributions and donations | 7 | xxx | xxx | xxx | xxx | xxx | xxx |
| Levies Fines and Penalties | 8 | xxx | xxx | xxx | xxx | xxx | xxx |
| Other revenues (*Specify)* | 9 | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Revenue** **from** **exchange** **transactions** |  |  |  |  |  |  |  |
| Interest income | 10 | xxx | xxx | xxx | xxx | xxx | xxx |
| Other Income | 11 | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Total** **revenue** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |  |  |
| **Expenditure** |  |  |  |  |  |  |  |
| Use of goods and services | 12 | xxx | xxx | xxx | xxx | xxx | xxx |
| Staff costs | 13 | xxx | xxx | xxx | xxx | xxx | xxx |
| Board expenses | 14 | xxx | xxx | xxx | xxx | xxx | xxx |
| Finance costs | 15 | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total** **expenses** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Other gains/losses** |  |  |  |  |  |  |  |
| Gain/loss on disposal of assets | 16 | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Surplus/(deficit) for the period |  | xxx | xxx | xxx | xxx | xxx | xxx |