***Revised 30th June 2023***

|  |  |  |
| --- | --- | --- |
|  |  | *Insert your Entity Logo here* |

*(Indicate actual name of the Water Company)*

QUARTERLY REPORT AND FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED**

**SEPTEMBER/ DECEMBER/ MARCH/ JUNE**

**XX, 20XX**

**Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)**

***(Leave this page blank)***

Table Of Contents Page

[1. Acronyms and Glossary of Terms ii](#_Toc133589440)

[2. Key Entity Information iii](#_Toc133589441)

[3. The Board of Directors v](#_Toc133589442)

[4. Key Management Team vi](#_Toc133589443)

[5. Management Discussion and Analysis vii](#_Toc133589444)

[6. Statement Of Directors’ Responsibilities viii](#_Toc133589445)

[7. Statement Of Profit or Loss & Other Comprehensive Income for The Period Ended XX 20XX. 1](#_Toc133589446)

[8. Statement of Financial Position As at XX 20XX 3](#_Toc133589447)

[9. Statement Of Changes In Equity For The Period Ended XX 20XX 5](#_Toc133589448)

[10. Statement Of Cash Flows for The Period Ended XX 20xx 7](#_Toc133589449)

[11. Statement Of Comparison of Budget & Actual Amounts for The Period Ended XX 20XX 8](#_Toc133589450)

[12. Notes To the Financial Statements 10](#_Toc133589451)

[13. Appendices 51](#_Toc133589452)

# Acronyms and Glossary of Terms

Provide a list of acronyms and glossary of terms that appear in your quarterly report and financial statements.

e.g.

PFM Public Finance Management

PSASB Public Sector Accounting Standards Board

NT National Treasury

# Key Entity Information

**Background information**

The *xxx-Water company Ltd* was established by the XXX Act of Parliament on (date…). At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya and has branches/regions in xxx, xxx and xxx. *(The reporting entity should refer to the relevant legislation under which it is established)*

**Principal Activities**

The principal activity of the Company is to …

***(Under this section, the entity should include its key activities and a summary of its vision, mission***

***and core objectives)***

**Directors**

The Directors who served the entity during the year/period were as follows:

1. XXX - Chairman - Appointed on ….
2. XXX - Chief Executive - Appointed on ….
3. XXX - Appointed on ….
4. XXX - Alternate to …
5. XXX - Left on ….

**Corporate Secretary**

Mr. XXXX

P.O. Box …**Town**

**Registered Office**

XXXX Building/House/Plaza

XXXX Avenue/Road/Highway

P.O. Box …

Nairobi, KENYA

**Corporate Headquarters**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

Nairobi, KENYA

**Key entity information (continued)**

**Corporate Contacts**

Telephone: (254) XXXXXXXX

E-mail: XXXXXXXX.go.ke

Website: www.go.ke

**Corporate Bankers**

Bankers (List as appropriate)

XXX Commercial Bank

P.O Box xxx code

Branch

**Independent Auditors**

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084GPO 00100

Nairobi, Kenya

**Principal Legal Advisers**

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# The Board of Directors

|  |  |
| --- | --- |
| **Directors** | **Details** |
| *Insert each Director’s passport-size photo and name.* | *Provide a concise description of each Director’s Age, key academic/professional qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable.* |
| *Director 2* |  |
| *Director 3* |  |
| *Managing Director* |  |
| *Company Secretary* | *Indicate whether the secretary is a member of ICS as required under the Mwongozo Code in addition to their other details.* |

# Key Management Team

|  |  |
| --- | --- |
| **Manager** | **Details** |
| *Insert each key manager’s passport-size photo and name.* | *Indicate the main area of responsibility – without details*  *Also indicate the key profession/academic qualifications* |
| *Manager 2* |  |
| *Manager 3* |  |
| *Manager 4* |  |
| *Etc.* |  |
| ***Note:*** *The MD and the Company Secretary will feature both under the ‘Board’ and ‘Management’.* | |

# Management Discussion and Analysis

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

*(Under this section, the management gives a report on the operational and financial performance of the organisation for the period of the report compared to prior periods within the year and in prior year, entity’s key projects or investments decision implemented or ongoing, entity’s compliance with statutory requirements, major risks facing the organisation, material arrears in statutory and other financial obligations, review of the economy, review of the sector, future developments 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.)*

# Statement Of Directors’ Responsibilities

Section 166 of the Public Finance Management Act, 2012 and companies Act 2015*- (entities should quote the applicable legislation under which they are regulated))* require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the quarter and the operating results of the Company for that quarter. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

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

The Directors responsibility for the Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, Water Act 2016 and Companies Act 2015) – Company *should quote applicable legislation as indicated under which they are regulated)*.

The Directors are of the opinion that the Company’s financial statements give a true and fair view of the state of Company’s transactions during the financial period ended XX, 20XX, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company 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 company financial statements were approved by the Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20XX and signed on its behalf by:

|  |  |  |
| --- | --- | --- |
| **…………………………….** |  | **…………………………….** |
| **Name** |  | **Name** |
| **Chairman of the Board** |  | **MD** |
|  |  |  |

# Statement Of Profit or Loss & Other Comprehensive Income for The Period Ended XX 20XX.

|  | **Notes** | **Period ended**  **Sep/Dec/Mar/June\***  **20xx** | **Comparative period prior year** |
| --- | --- | --- | --- |
|  |  | **Kshs** | **Kshs** |
| **Revenue** |  |  |  |
| Operating Revenue | 5 | xxx | xxx |
| Grants Income | 6 | xxx | xxx |
| Other Income | 7 | xxx | xxx |
| Finance income | 8 | xxx | xxx |
| Other gains/(losses) | 9 | xxx | xxx |
| **Total Revenue** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Staff Costs | 10 | xxx | xxx |
| General and Operations expenses | 11 | xxx | xxx |
| Board Expenses | 12 | xxx | xxx |
| Maintenance Expenses | 13 | xxx | xxx |
| Depreciation and Amortization expenses | 14 | xxx | xxx |
| Finance Costs | 15 | xxx | xxx |
| **Total Expenses** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Profit/(Loss) Before Taxation** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Income Tax Expense/(Credit)** | 16 | **xxx** | **xxx** |
| **Profit/(Loss) After Taxation** |  | **xxx** | **xxx** |
| Earnings Per Share – Basic And Diluted | 17 | xxx | xxx |
| Dividend per share | 18 | xxx | xxx |
|  |  |  |  |
| **Other Comprehensive Income** |  |  |  |
| **Profit/ (Loss) After Taxation** |  | xxx | xxx |
| Surplus Or Deficit On Revaluation Of PPE |  | xxx | xxx |
| Remeasurement Of Net Defined Benefit Liability |  | xxx | xxx |
| Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI |  | **xxx** | **xxx** |
| **Total Comprehensive Income For The Period** |  | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| ………………………… | ……………………………….. | ……………………………… |
| ***Name*** | ***Name*** | ***Name*** |
| **Managing Director** | **Head of Finance** | **Chairman of the Board** |
|  | **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 XX 20XX

|  | **Note** | **Period as at**  **Sep\*/Dec\*/Mar\*/June\*** | **Audited Prior year** |
| --- | --- | --- | --- |
|  |  | **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Non-current assets** |  |  |  |
| Property, plant and equipment | 19 | xxx | xxx |
| Intangible assets | 20 | xxx | xxx |
| Investment property | 21 | xxx | xxx |
| Right- of -use assets | 22 | xxx | xxx |
| Biological assets | 23 | xxx | xxx |
| Fixed interest investments | 24 | xxx | xxx |
| Quoted investments | 25 | xxx | xxx |
| Unquoted investments | 26 | xxx | xxx |
| **Total non-current assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Current assets** |  |  |  |
| Inventories | 27 | xxx | xxx |
| Trade and receivable | 28 | xxx | xxx |
| Tax recoverable | 29 | xxx | xxx |
| Short-term deposits | 30 | xxx | xxx |
| Bank and cash balances | 31 | xxx | xxx |
| **Total non-current assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Equity and liabilities** |  |  |  |
|  |  |  |  |
| **Capital and Reserves** |  |  |  |
| Ordinary share capital | 32 | xxx | xxx |
| Revaluation reserve | 33 | xxx | xxx |
| Fair value adjustment reserve | 34 | xxx | xxx |
| Retained earnings | 35 | xxx | xxx |
| **Capital and Reserves** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-current liabilities** |  |  |  |
| Deferred tax liability | 36 | xxx | xxx |
| Borrowings | 37 | xxx | xxx |
| Lease liability | 38 | xxx | xxx |
| Provisions | 39 | xxx | xxx |
| Retirement benefits | 40 | xxx | xxx |
| **Total non-current liabilities** |  | **xxx** | **xxx** |
| **Current liabilities** |  |  |  |
| Borrowings | 37 | xxx | xxx |
| Lease liability | 38 | xxx | xxx |
| Provisions | 39 | xxx | xxx |
| Retirement benefit obligations | 40 | xxx | xxx |
| Trade and other payables | 41 | xxx | xxx |
| Customer deposits | 42 | xxx | xxx |
| Deferred income | 43 | xxx | xxx |
| Dividends payable | 44 | xxx | xxx |
| **Total current liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Total equity and liabilities** |  | **xxx** | **xxx** |

The financial statements were approved by the Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_20XX and signed on its behalf by:

|  |  |  |
| --- | --- | --- |
| ………………………… | ……………………………….. | ……………………………… |
| ***Name*** | ***Name*** | ***Name*** |
| **Managing Director** | **Head of Finance** | **Chairman of the Board** |
|  | **ICPAK M/No:** |  |

*Sep\* -This relates to balance as at 30th September.*

*Dec\* - This relates to balance as at 31st December.*

*March\*- This relates to balance as at 31st March.*

*June\* - This relates to balance as at 30th June.*

*Prior period relates to full year the previous year.*

# Statement Of Changes In Equity For The Period Ended XX 20XX

|  | **Notes** | **Ordinary share capital** | **Revaluation reserve** | **Fair value adjustment reserve** | **Retained earnings** | **Proposed dividends** | **Capital/**  **Development Fund** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **As at the beginning of the previous year** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| New capital issued |  | xxx |  |  |  |  |  | xxx |
| Revaluation gain |  | - | xxx | - | - | - | - | xxx |
| Transfer of excess depreciation on revaluation |  | - | (xxx) | - | xxx | - | - | - |
| Deferred tax on excess depreciation |  | - | xxx | - | - | - | - | xxx |
| Fair value adjustment on quoted investments |  | - | - | xxx | - | - | - | xxx |
| Profit for the year |  | - | - | - | xxx | - | - | xxx |
| Capital/Development grants received during the year |  | - | - | - | - | - | xxx | xxx |
| Transfer of depreciation/amortisation from capital fund to retained earnings |  | - | - | - | xxx | - | (xxx) | - |
| Dividends paid – prior year |  | - | - | - | - | (xxx) | (xxx) | (xxx) |
| Interim dividends paid – current year |  | - | - | - |  | (xxx) | - | (xxx) |
| Proposed final dividends |  | - | - | - | (xxx) | xxx | xxx | - |
| **As at the end of the previous year** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at the beginning of the current year** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Issue of new share capital |  | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Revaluation gain |  | - | xxx | - | - | - | - | xxx |
| Transfer of excess depreciation on revaluation |  | - | (xxx) | - | xxx | - | - | - |
| Deferred tax on excess depreciation |  | - | xxx | - | - | - | - | xxx |
| Fair value adjustment on quoted investments |  | - | - | xxx | - | - | - | xxx |
| Profit for the period |  | - | - | - | xxx | - | - | xxx |
| Capital/Development grants received during the period |  | - | - | - | - | - | xxx | xxx |
| Transfer of depreciation/amortisation from capital fund to retained earnings |  | - | - | - | xxx | - | (xxx) | - |
| Dividends paid – prior years |  | - | - | - | - | (xxx) | (xxx) | (xxx) |
| Interim dividends paid – current period |  | - | - | - | (xxx) | - | - | (xxx) |
| Proposed final dividends |  | - | - | - | (xxx) | xxx | xxx | - |
| **As at the end of the current period (sept/Dec/Mar/June)** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

# Statement Of Cash Flows for The Period Ended XX 20xx

|  | **Note** | **Period Ended Sep\*/Dec\*/**  **Mar\*/Jun\*** | **Comparative**  **Period prior year** |
| --- | --- | --- | --- |
|  |  | **Kshs** | **Kshs** |
| **Cash Flows From Operating Activities** |  |  |  |
| **Receipts** |  |  |  |
| Operating Revenue |  | xxx | xxx |
| Other Income |  | xxx | xxx |
| Finance Income |  | xxx | xxx |
| Grants |  | xxx | xxx |
| Customer Deposits |  | xxx | xxx |
| **Total Receipts** |  | xxx | xxx |
|  |  |  |  |
| **Payments** |  |  |  |
| Staff Costs |  | xxx | xxx |
| Board Expenses |  | xxx | xxx |
| General And Operation Expenses |  | xxx | xxx |
| Maintenance |  | xxx | xxx |
| Finance Costs |  | xxx | xxx |
| Refund Of Customer Deposits |  | xxx | xxx |
| Total Payments |  | xxx | xxx |
| **Net Cash From/(Used In) Operating Activities** | **45** | **xxx** | **xxx** |
|  |  |  |  |
| **Cash Flows from Investing Activities** |  |  |  |
| Purchase Of Property, Plant And Equipment (PPE) |  | (xxx) | (xxx) |
| Proceeds From Disposal Of PPE |  | xxx | xxx |
| Purchase Of Intangible Assets |  | (xxx) | (xxx) |
| Purchase Of Investment Property |  | (xxx) | (xxx) |
| Purchase Of Quoted Investments |  | (xxx) | (xxx) |
| Proceeds From Disposal Of Quoted Investments |  | xxx | xxx |
| **Net Cash From/(Used In) Investing Activities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Cash Flows from Financing Activities** |  |  |  |
| Proceeds From Issues Of New Share Capital |  | xxx | xxx |
| Proceeds From Borrowings | 37 | xxx | xxx |
| Repayment Of Borrowings | 37 | (xxx) | (xxx) |
| Dividends Paid | 44 | (xxx) | (xxx) |
| **Net Cash From/(Used In) Financing Activities** |  | **xxx** | **xxx** |
| **Increase/(Decrease) In Cash & Cash Equivalents** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Cash And Cash Equivalents At Start of the year** |  | **xxx** | **xxx** |
|  |  |  |  |
| Effects Of Foreign Exchanges Rate Fluctuations |  | xxx | xxx |
|  |  |  |  |
| **Cash & Cash Equivalents At End Of The Period** |  | **xxx** | **xxx** |

# Statement Of Comparison of Budget & Actual Amounts for The Period Ended XX 20XX

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Original** **budget** | **Adjustments** | **Final** **budget** | **Actual** **on comparable basis** | **% of utilization** |
|  | **a** | **b** | **c=a+b** | **d** | **e= c/d** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | xxx% |
| **Revenue** |  |  |  |  |  |
| Operating Revenue | xxx | xxx | xxx | xxx | xxx |
| Grants | xxx | xxx | xxx | xxx | xxx |
| Finance Income | xxx | xxx | xxx | xxx | xxx |
| Other gains | xxx | xxx | xxx | xxx | xxx |
| **Total** **Revenue** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Expenses** |  |  |  |  |  |
| Staff Costs | xxx | xxx | xxx | xxx | xxx |
| Board Expenses | xxx | xxx | xxx | xxx | xxx |
| General and operations Expenses | xxx | xxx | xxx | xxx | xxx |
| Maintenance | xxx | xxx | xxx | xxx | xxx |
| Depreciation and amortization | xxx | xxx | xxx | xxx | xxx |
| Finance costs | xxx | xxx | xxx | xxx | xxx |
| Total Recurrent Expenditure | xxx | xxx | xxx | xxx | xxx |
| **Profit or Loss** | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |
| **Capital Expenditure** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
|  |  |  |  |  |  |
| **Total Expenditure** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

***Note:***

*PFM Act section 164(2) ii and iv requires a County Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available.*

*However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.*

***Budget notes:***

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

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

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 Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note xx.*

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company. The figures are rounded to the nearest Kenyan shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2016 and the Company’s Act *(include any other applicable legislation),* and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented

**Notes to the financial statements (continued)**

1. **Summary of Significant Accounting Policies**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. **Revenue recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

* 1. **Revenue from the sale of goods and services** is recognized in the period in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
  2. **Grants from Government Entities** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
  3. **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
  4. **Dividend income** is recognized in the income statement in the period in which the right to receive the payment is established.
  5. **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
  6. **Other income** is recognized as it accrues.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **In-kind contributions**

In-kind contributions are donations that are made to the Company in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment, utilities or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Company includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded but disclosed.

1. **Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognized in the income statement on a straight-line/reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

|  |  |  |
| --- | --- | --- |
| **Item** | **Years** | **Rates** |
| Freehold Land | xx | x% |
| Leasehold Land | xx | x% |
| Buildings and civil works | xx | x% |
| Infrastructure works | xx | x% |
| Plant and machinery | xx | x% |
| Motor vehicles, including motor cycles | xx | x% |
| Computers and related equipment | xx | x% |
| Office equipment, furniture and fittings | xx | x% |
|  |  |  |

A full year’s depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives . The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1. **Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

1. **Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost/ fair value. Gains or losses arising from changes in the fair value(*where fair value is elected*) of investment property are included in profit or loss in the period in which they arise. Investment property measured subsequently at cost less accumulated depreciation and impairment losses (*where cost is selected*). An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

1. **Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond’s disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

1. **Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

1. **Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1. **Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These 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. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted.

1. **Taxation**
   1. **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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 reporting 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 year.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

1. **Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

1. **Retirement benefit obligations**

The Company operates a defined contribution scheme for all full-time employees from July 1, 20XX. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company’s obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. XXX per employee per month.

1. **Provision for staff leave pay**

Employees’ entitlements to annual leave are recognized as they accrue. A provision is made for the estimated liability for annual leave at the reporting date.

1. **Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

1. **Budget information**

The original budget for FY 20xx-20xx was approved by the Board of Directors on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of xxx on the 20xx-20xx budget following the governing body’s approval. The Company’s budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section xxx of these financial statements.

1. **Service concession arrangements**

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

**Notes to the financial statements (continues)**

**Summary of Significant Accounting Policies**

1. **Comparative figures**

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

1. **Subsequent events**

There have been no events subsequent to the end of the period with a significant impact on the financial statements for the period ended XX, 20xx.

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

The preparation of the Company’s financial statements in conformity with IFRS 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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

**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 Company
* 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 assets

**Notes to the financial statements (continued)**

**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.

*(NB: An entity is required to disclose its material accounting policies following amendment of IAS 1 where an entity is supposed to disclose its material accounting policies instead of significant accounting policies.)*

**Notes to the financial statements (continued)**

1. **Operating Revenue**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period prior year** |
|  | **Kshs** | **Kshs** |
| Water sales | xxx | xxx |
| Sewerage Services | xxx | xxx |
| Billing for other services\* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*Billing for other services refers to income generated from services such as reconnection fees, sales of sludge, water analysis samples etc.*

1. **Grants Income**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period prior year** |
|  | **Kshs** | **Kshs** |
| Operational grants from Government entities | xxx | xxx |
| Recurrent/operational grants from other agencies | xxx | xxx |
| Capital grants amortized | xxx | xxx |
| Donations from County Governments | xxx | xxx |
| In Kind contribution/donations from other agencies | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[Provide a detailed analysis of grants received from the Government in the table below:]*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of the Entity sending the grant** | **Amount recognized in the Statement of Comprehensive Income**  **KShs** | **Amount deferred under deferred income**  **KShs** | **Amount recognised in capital fund.**  **KShs** | **Total grant income during the period**  **KShs** | **Comparative period prior year**  **KShs** |
| Department | xxx | xxx | xxx | xxx | xxx |
| XX Ministry | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

***(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).***

**Notes to the financial statements (continued)**

1. **Other Income**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period prior year** |
|  | **Kshs** | **Kshs** |
| Sale of Tender | xxx | xxx |
| Fine and penalties | xxx | xxx |
| Rental income | xxx | xxx |
| Insurance compensation | xxx | xxx |
| Miscellaneous income (specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Finance Income**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period prior year** |
| **Description** | **Kshs** | **Kshs** |
| Interest income from treasury bonds | xxx | xxx |
| Interest income from treasury bills | xxx | xxx |
| Interest from receivables | xxx | xxx |
| Interest from commercial banks and financial institutions | xxx | xxx |
| Interest on staff loans | xxx | xxx |
| Dividends | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary}*

**Notes to the financial statements (continued)**

1. **Other Gains and Losses**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period prior year** |
| **Description** | **Kshs** | **Kshs** |
| Foreign exchange gains / (losses) | xxx | xxx |
| Loss/gain on disposal on sale of investments | xxx | xxx |
| Gain on sale of fixed assets | xxx | xxx |
| Fair value gain/loss on biological Assets | xxx (xxx) | xxx (xxx) |
| Fair value gain or losses on revaluation of investment property | xxx | xxx |
| Revaluation losses on inventory | xxx | xxx |
| Unrealized foreign exchange gains/(losses) | xxx | xxx |
| **Total** | **XXX** | **XXX** |

1. **Staff Costs**

| Description | **Period ended Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Comparative period prior year** |
| --- | --- | --- |
| **Kshs** | **Kshs** |
| Gross Salary and Allowances | xxx | xxx |
| Casual workers Wages | xxx | xxx |
| Medical insurance schemes | xxx | xxx |
| Employer’s contributions to social security schemes | xxx | xxx |
| Employer’s contributions to pension scheme | xxx | xxx |
| Provisions for Leave pay | xxx | xxx |
| Gratuity provisions | xxx | xxx |
| Fringe Benefit tax | xxx | xxx |
| Staff welfare | xxx | xxx |
| Other allowances | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| **The average number of employees during the year** |  |  |

*[Provide short appropriate explanations as necessary]*

**Notes to the financial statements (continued)**

1. **General and Operations Expenses**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period prior year** |
| **Description** | **Kshs** | **Kshs** |
| Chemicals | xxx | xxx |
| Electricity | xxx | xxx |
| Fuel, oil, lubricants, and gases | xxx | xxx |
| Bulk water Costs | xxx | xxx |
| Office supplies | xxx | xxx |
| Uniform and protective clothing | xxx | xxx |
| Telecommunication | xxx | xxx |
| Postage and courier | xxx | xxx |
| Water and sewerage | xxx | xxx |
| Insurance | xxx | xxx |
| Rent and Rates | xxx | xxx |
| Hire of Equipment and vehicles | xxx | xxx |
| Claims and compensation | xxx | xxx |
| Domestic Traveling and subsistence | xxx | xxx |
| Foreign travel and accommodation | xxx | xxx |
| Staff training and development | xxx | xxx |
| Bank Charges | xxx | xxx |
| Security services | xxx | xxx |
| Agency commissions | xxx | xxx |
| Publicity and advertising | xxx | xxx |
| Audit fees | xxx | xxx |
| Legal fees | xxx | xxx |
| Consultancy fees | xxx | xxx |
| Licensing and levies | xxx | xxx |
| Sports and recreation | xxx | xxx |
| Stakeholders’ expenses | xxx | xxx |
| Donations/CSR | xxx | xxx |
| Hospitality expenses | xxx | xxx |
| Research and Development | xxx | xxx |
| Provision for doubtful debts | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

1. **Board Expenses**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period**  **prior year** |
|  | **Kshs** | **Kshs** |
| Chairman Honoraria | xxx | xxx |
| Sitting allowances | xxx | xxx |
| Medical Insurance | xxx | xxx |
| Induction and Training | xxx | xxx |
| Travel and accommodation | xxx | xxx |
| Other allowances | xxx | xxx |
| **Total Board Expenses** | **xxx** | **xxx** |

1. **Maintenance Expenses**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Comparative period**  **prior year** |
| **Description** | **Kshs** | **Kshs** |
| Plant and Equipment | **xxx** | **xxx** |
| Buildings | xxx | xxx |
| Infrastructural networks | xxx | xxx |
| Grounds | xxx | xxx |
| Motor vehicles | xxx | xxx |
| Software | xxx | xxx |
| ICT | xxx | xxx |
| Furniture | xxx | xxx |
| Water Meter | xxx | xxx |
| Access roads | xxx | xxx |
| **Total Maintenance Expenses** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

1. **Depreciation and Amortization Expenses**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\***  **20xx** | **Comparative period**  **prior year** |
|  | **KShs** | **KShs** |
| Property, plant, and equipment | xxx | xxx |
| Right of Use Assets | xxx | xxx |
| Intangible assets | xxx | xxx |
| Investment property carried at cost | xxx | xxx |
| **Total** **Depreciation** **and** **Amortization** | **xxx** | **xxx** |

1. **Finance costs**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\***  **20xx** | **Comparative period**  **prior year** |
| **Description** | **Kshs** | **Kshs** |
|  |  |  |
| Interest expense on loans | xxx | xxx |
| Interest expense on bank overdrafts | xxx | xxx |
| Interest on lease liabilities | xxx | xxx |
| Others (specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary]*

1. **Income Tax Expense/(Credit)**

**Current taxation**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **Mar\*/Jun\***  **20xx** | **Comparative period**  **prior year** |
|  | **Kshs** | **Kshs** |
| Current taxation based on the adjusted profit for the period at 30% | xxx | xxx |
| Current tax: prior year under/(over) provision | xxx | xxx |
| Current period deferred tax charge | xxx | xxx |
| Prior years under-provision for deferred tax | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period**  **prior year** |
|  | **Kshs** | **Kshs** |
| Profit before taxation | xxx | xxx |
| Tax at the applicable tax rate of 30% | xxx | xxx |
| Current tax | xxx | xxx |
| Prior year under-provision | xxx | xxx |
| Tax effects of expenses not deductible for tax purposes | xxx | xxx |
| Tax effects of income not taxable | xxx | xxx |
| Tax effects of excess capital allowances over depreciation/amortization | xxx | xxx |
| Deferred tax prior year over-provision | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary]*

1. **Earnings Per Share**

The earnings per share is calculated by dividing the profit after tax of Kshs. XXX (20xx-20xx: KShs. XXX) by the average number of ordinary shares in issue during the year of XXX (20xx-202xx XXX). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

1. **Dividend Per Share**

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 20xx, a final dividend in respect of the year ended June 30, 20xx of Kshs. XXX (20xx: Kshs. XXX) for every ordinary share of par value of KShs. XXX is to be proposed. An interim dividend of Kshs. XXX (202x: Kshs. XXX) for every ordinary share of par value of KShs. XXX was declared and paid during the year. This will bring the total dividend for the year to KShs. XXX (202x: KShs. XXX).

**Notes to the financial statements (continued)**

1. **(a) Property, Plant and Equipment**

| **Current Period** | **Freehold land** | **Buildings & civil works** | **Water & Sewer Infrastructure** | **Plant and machinery** | **Motor vehicles, including, motor cycles** | **Computers & related equipment** | **Office equipment, furniture & fittings** | **Capital work in progress** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Cost Or Valuation** |  |  |  |  |  |  |  |  |  |
| **At July 1, 20XX (at beginning of the year)** | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Additions during the period | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Transfers during the period | - | xxx | xxx | - | - | - | - | (xxx) | - |
| Disposals during the period | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **At XX, 20XX (close of period)** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation** |  |  |  |  |  |  |  |  |  |
| At July 1, 20XX | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Charge For The period | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Impairment Loss for the period | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Eliminated On Disposal | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **At XX 30, 20XX** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Net Book Value At XX 30, 20XX** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*[Include a brief description of what the Capital Work in Progress relates to]*

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

**Property, Plant and Equipment (Continued)**

| **Prior year audited** | **Freehold land** | **Buildings & civil works** | **Water & Sewer Infrastructure** | **Plant and machinery** | **Motor vehicles, including, motor cycles** | **Computers & related equipment** | **Office equipment, furniture & fittings** | **Capital work in progress** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Cost or valuation** |  |  |  |  |  |  |  |  |  |
| As at 1July 20XX | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Additions for the year | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Transfers for the year | - | xxx | xxx | - | - | - | - | (xxx) | - |
| Disposals for the year | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **As at XX 20XX** | **xxx** | **xxx** | xxx | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation** |  |  |  |  |  |  |  |  |  |
| At July 1, 20xx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Charge for the year | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Impairment loss | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Eliminated on disposal | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| **As at XX 20XX** | **xxx** | **xxx** | xxx | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Net book value** |  |  |  |  |  |  |  |  |  |
| **At XX, 20XX** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

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

**Valuation**

Land and buildings, xxx etc were valued by xxx independent valuer on xxx on xxx basis of valuation. These amounts were adopted on xxx.

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

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Cost** | **Accumulated Depreciation** | **NBV** |
|  | **Kshs** | **Kshs** | **Kshs** |
| Land | xxx | xxx | xxx |
| Buildings | xxx | xxx | xxx |
| Plant and machinery | xxx | xxx | xxx |
| Motor vehicles, including motorcycles | xxx | xxx | xxx |
| Computers and related equipment | xxx | xxx | xxx |
| Office equipment, furniture, and fittings | xxx | xxx | xxx |
|  | **xxx** | **xxx** | **xxx** |

Property plant and Equipment includes the following assets that are fully depreciated:

|  |  |  |
| --- | --- | --- |
|  |  | **Normal** |
|  |  | **annual** |
|  | **Cost or** | **depreciation** |
|  | **valuation** | **charge** |
| Plant and machinery | xxx | xxx |
| Motor vehicles, including motor cycles | xxx | xxx |
| Computers and related equipment | xxx | xxx |
| Office equipment, furniture and fittings | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

1. **Intangible Assets**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| **Cost** |  |  |
| **At July 1** | xxx | xxx |
| Additions | xxx | xxx |
| Disposals | (xxx) | (xxx) |
| **As at xx 20xx** | **xxx** | **xxx** |
|  |  |  |
| **Amortization** |  |  |
| **At July 1** | xxx | xxx |
| Charge for the period | xxx | xxx |
| Disposals during the period | (xxx) | (xxx) |
| Impairment loss for the period | (xxx) | (xxx) |
| **At XX 20XX (end of the period Sept/Dec/Mar/ June)** | **xxx** | **xxx** |
|  |  |  |
| **Net book value** |  |  |
| At the end of the period**(Sept/Dec/Mar/ June** | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary in relation to what constitutes the intangible assets]*

1. **Investment Property**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| **Opening valuation** | **xxx** | **xxx** |
| **Movements during the period** |  |  |
| Additions | xxx | xxx |
| Disposals | (xxx) | (xxx) |
| Fair value gains/(losses) | xxx | xxx |
| **Closing valuation** | **xxx** | **xxx** |
| **Depreciation (if at cost)** |  |  |
| **As At the beginning of the year** | xxx | xxx |
| Charge for the period | xxx | xxx |
| Disposals | (xxx) | (xxx) |
| Impairment loss | (xxx) | (xxx) |
| **As At the end of the period** | **xxx** | **xxx** |
| **Net book value** |  |  |
| **As At the end of the period** | **xxx** | **xxx** |

*Provide details of the property, date last valued, the valuer and method of valuation as per IAS 40. Where investment property is carried at cost, depreciation will be shown, however, no depreciation is provided for when the asset is carried at fair value)*

**Notes to the financial statements (continued)**

1. **Right-of-use assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Buildings** | **Plant** | **Equipment** | **Total** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Cost** |  |  |  |  |
| As at beginning of the year | xxx | xxx | xxx | xxx |
| Additions during the year | xxx | xxx | xxx | xxx |
| **As at end of the year (prior year)** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions during the period | xxx | xxx | xxx | xxx |
| **As at end of the period (sept/ dec/ mar/June)** | **xxx** | xxx | xxx | xxx |
|  |  |  |  |  |
| **Accumulated Depreciation** |  |  |  |  |
| As at beginning of the year | xxx | xxx | xxx | xxx |
| Charge for the year | xxx | xxx | xxx | xxx |
| **As at end of the year (prior year audited)** | **xxx** | **xxx** | **xxx** | **xxx** |
| Charge for the period | xxx | xxx | xxx | xxx |
| **As at end of the period (sept/ dec/ mar/June)** | xxx | xxx | xxx | xxx |
|  |  |  |  |  |
| **Carrying Amount** |  |  |  |  |
| As at end of the year (prior year) | xxx | xxx | xxx | xxx |
| **As at end of the period (sept/ dec/ mar/June)** | xxx | xxx | xxx | xxx |

1. **Biological Assets**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| Cattle | xxx | xxx |
| Trees | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

1. **Fixed Interest Investments (Bonds)**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| Central Bank of Kenya 12.5% 15-Year Bond | xxx | xxx |
| AB Corporate Bond (give details) | xxx | xxx |
| CD Corporate Bond (give details) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[The movement in investment during the year is as follows:]*

|  |  |  |
| --- | --- | --- |
| **Details** | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| Balance at beginning of the year | xxx | xxx |
| Additions during the period/ year | xxx | xxx |
| Interest accrued during the period/year | xxx | xxx |
| Investment maturities during the period/year | xxx | xxx |
| Balance as at end of the period/year | xxx | xxx |

1. **Quoted Investments**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| **Opening valuation** | **xxx** | **xxx** |
|  |  |  |
| **Movements during the period /year** |  |  |
| Additions during the period/ year | xxx | xxx |
| Disposals during the period/year | (xxx) | (xxx) |
| Fair value gains/(losses) | xxx | xxx |
| **Closing valuation (at the end of the period/ year)** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

***[Provide short appropriate explanations as necessary, including make-up of the investments in the table below]***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of entity where investment is held** | **No of shares** | | | **Nominal value of shares/purchase price** | **Fair value of shares** | **Fair value of shares** |
|  | **Direct shareholding** | **Indirect shareholding** | **Effective shareholding** |  | **Current period** | **Prior year** |
|  | **No** | **No** | **No** | **Shs** | **Shs** | **Shs** |
| 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** |

1. **Unquoted Investments**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| **COST** |  |  |
| **As at beginning of the year** | **xxx** | **xxx** |
| Additions | xxx | xxx |
| Fair value gains/(losses) | xxx | xxx |
| Disposals | (xxx) | (xxx) |
| **As at end of period** | **xxx** | **xxx** |
| **IMPAIRMENT** |  |  |
| **As at beginning of the period** | **xxx** | **xxx** |
| Disposals | (xxx) | (xxx) |
| Impairment loss in the period | (xxx) | (xxx) |
| **As at end of the period** | **xxx** | **xxx** |
| **NET BOOK VALUE** | **xxx** | **xxx** |

***[Provide short appropriate explanations as necessary, including make-up under the table below]***

**Notes to the financial statements (continued)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of entity where investment is held** | **No of shares** | | | **Nominal value of shares/ purchase price** | **Value of shares less impairment** | **Value of shares less impairment** |
|  | **Direct shareholding** | **Indirect shareholding** | **Effective shareholding** |  | **Current period** | **Prior year** |
|  | **No** | **No** | **No** | **Shs** | **Shs** | **Shs** |
|  |  |  |  |  |  |  |
| Entity A | xxx | xxx | xxx | xxx | xxx | xxx |
| Entity B | xxx | xxx | xxx | xxx | xxx | xxx |
| Entity C | xxx | xxx | xxx | xxx | xxx | xxx |
| Entity D | xxx | xxx | xxx | xxx | xxx | xxx |
|  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

1. **Inventories**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| General stores | xxx | xxx |
| Chemicals & Laboratory items | xxx | xxx |
| Water fittings and Accessories | xxx | xxx |
| Water meters | xxx | xxx |
| Uniform and protective clothing | xxx | xxx |
| Fuel, oil and lubricants | xxx | xxx |
| Motor vehicle spare parts | xxx | xxx |
| Goods in transit | xxx | xxx |
| Stationery and general stores | xxx | xxx |
| Finished goods | xxx | xxx |
| Work in progress | xxx | xxx |
| Less: Impairment of stocks | (xxx) | (xxx) |
| **Total** | **xxx** | **xxx** |

***[Provide short appropriate explanations as necessary]***

**Notes to the financial statements (continued)**

**28 a) Reconciliation of Impairment Allowance for Inventories**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **KShs** | **KShs** |
| At the beginning of the year | xxx | xxx |
| Additional provisions | xxx | xxx |
| Recovered | (xxx) | (xxx) |
| Written off | (xxx) | (xxx) |
| At the end of the period/ year | **xxx** | **xxx** |

1. **) Trade and Other Receivables**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **KShs** | **KShs** |
| Trade receivables (note (28a)) | xxx | xxx |
| Deposits and prepayments | xxx | xxx |
| VAT recoverable | xxx | xxx |
| Staff receivables (note 28 (c)) | xxx | xxx |
| Other receivables | xxx | xxx |
| **Gross trade and other receivables** | **xxx** | **xxx** |
| Provision for bad and doubtful receivables | (xxx) | (xxx) |
| **Net trade and other receivables** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

**28 (a) Trade Receivables**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Ju\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| Gross trade receivables | xxx | xxx |
| Provision for doubtful receivables | (xxx) | (xxx) |
| Net trade receivables | xxx | xxx |
|  |  |  |
| **The ageing analysis of the gross trade receivables was as follows:** | | |
| Less than 30 days | xxx | xxx |
| Between 30 and 60 days | xxx | xxx |
| Between 61 and 90 days | xxx | xx |
| Between 91 and 120 days | xxx | xxx |
| Over 120 days | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[Entities to provide the aging analysis relevant to their institution. ]*

**28 (b) Reconciliation of Impairment Allowance for Trade Receivables**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **KShs** | **KShs** |
| At the beginning of the year | xxx | xxx |
| Additional provisions | xxx | xxx |
| Recovered | (xxx) | (xxx) |
| Written off | (xxx) | (xxx) |
| At the end of the period/year | **xxx** | **xxx** |

**28 (c) Staff Receivables**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| Gross staff loans and advances | xxx | xxx |
| Provision for impairment loss | (xxx) | (xxx) |
| Net staff loans | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary]*

**Notes to the financial statements (continued)**

**28 (d) Reconciliation of Impairment Allowance for Staff Receivables**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year**  **audited** |
|  | **KShs** | **KShs** |
| At the beginning of the year | xxx | xxx |
| Additional provisions | xxx | xxx |
| Recovered | (xxx) | (xxx) |
| Written off | (xxx) | (xxx) |
| At the end of the period/year | **xxx** | **xxx** |

1. **Tax Recoverable**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| **At beginning of the year** | **xxx** | **xxx** |
| Income tax charge for the period (note 16) | xxx | xxx |
| Under/(over) provision in prior period/s (note 16) | xxx | xxx |
| Income tax paid during the period | (xxx) | (xxx) |
| At end of the period/year | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary]*

1. **Short-Term Term Deposits**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year**  **audited** |
|  | **Kshs** | **Kshs** |
| **Commercial banks** |  |  |
| Cooperative Bank of Kenya | xxx | xxx |
| Kenya Commercial Bank | xxx | xxx |
| Barclays Bank of Kenya | xxx | xxx |
| Others (specify) | xxx | xxx |
|  | xxx | xxx |

*[Provide short appropriate explanations as necessary].Example: The average effective interest rate on the short term deposits as at June 30, 20xx was xx% (20xx-1: xx %).*

**Notes to the financial statements (continued)**

1. **Bank and Cash Balances**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Comparative period prior year** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** | **Kshs** |
| Cash at bank | xxx | xxx | xxx |
| Cash in hand | xxx | xxx | xxx |
| Mobile money account | xxx | xxx | xxx |
|  | **xxx** | xxx | **xxx** |

**Detailed analysis of the cash and cash equivalents**

|  |  | **Period ended**  **Sep\*/Dec\*/**  **Marc\*/Jun\* 20xx** | **Comparative period prior year** | **Audited**  **Prior year** |
| --- | --- | --- | --- | --- |
| **Financial institution** | **Account number** | **KShs** |  | **KShs** |
| 1. **Current account** |  |  |  |  |
| Commercial banks |  | xxx | xxx | xxx |
| Others |  | xxx | xxx | xxx |
| **Sub- total** |  | **xxx** | xxx | **xxx** |
| 1. **On – call deposits** |  |  | xxx |  |
| Commercial banks |  | xxx | xxx | xxx |
| Others |  | xxx | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** | **xxx** |
| 1. **Fixed deposits account** |  |  |  |  |
| Other Commercial banks |  | xxx | xxx | xxx |
| Others |  | xxx | xxx | xxx |
| **Sub- total** |  | **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 account |  | xxx | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** | **xxx** |
| **Grand total** |  | **xxx** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

1. **Ordinary Share Capital**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Marc\*/Jun\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| **Authorized:** |  |  |
| XXX ordinary shares of Kshs. par value each | **xxx** | **xxx** |
| **Issued and fully paid:** |  |  |
| XXX ordinary shares of Kshs. par value each | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary]*

1. **Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

1. **Fair Value Adjustment Reserve**

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

1. **Retained Earnings**

The retained earnings represent amounts available for distribution to the *entity’s* shareholders. Undistributed retained earnings are utilised to finance the *entity’s* business activities.

**Notes to the financial statements (continued)**

1. **Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| Accelerated capital allowances | xxx | xxx |
| Unrealised exchange gains/(losses) | xxx | xxx |
| Revaluation surplus | xxx | xxx |
| Tax losses carried forward | (xxx) | (xxx) |
| Provisions for liabilities and charges | (xxx) | (xxx) |
| Net deferred tax liability | xxx | xxx |

The movement on the deferred tax account is as follows:

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| **Balance at beginning of the year** | **xxx** | **xxx** |
| Credit to revaluation reserve | (xxx) | (xxx) |
| Under provision in prior years/periods | xxx | xxx |
| Income statement charge/(credit) | xxx | xxx |
| **Balance at end of the period/year** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

1. **Borrowings**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| 1. **External Borrowings** |  |  |
| Balance at beginning of the year | xxx | xxx |
| External borrowings | xxx | xxx |
| Repayments of borrowings | (xxx) | (xxx) |
| **Balance at end of the period/year** | **xxx** | **xxx** |
|  |  |  |
| 1. **Domestic Borrowings** |  |  |
| Balance at beginning of the year | xxx | xxx |
| Domestic borrowings | xxx | xxx |
| Repayments | (xxx) | (xxx) |
| **Balance at end of the period/ year** | **xxx** | **xxx** |
| **C) Total Balance at end of the period c = a+b** | **xxx** | **xxx** |

The analyses of both external and domestic borrowings are as follows:

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| **External Borrowings** |  |  |
| Dollar denominated loan from ‘xxx Organization’ | xxx | xxx |
| Sterling Pound denominated loan from ‘yyy organization’ | xxx | xxx |
| Euro denominated loan from zzz organization’ | xxx | xxx |
| **Domestic Borrowings** |  |  |
| Kenya Shilling loan from KCB | xxx | xxx |
| Kenya Shilling loan from Barclays Bank | xxx | xxx |
| Kenya Shilling loan from Consolidated Bank | xxx | xxx |
| Total balance at end of the period/year | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Audited**  **Prior year** |
|  | **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 43 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).*

*[Foreign denominated loans should be restated based on CBK closing mean rates at the end of financial year]*

1. **Lease Liability**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| **At the start of the year** | **xxx** | **xxx** |
| Discount interest on lease liability | xxx | xxx |
| Paid during the period | (xxx) | (xxx) |
| **At end of the period** | **xxx** | **xxx** |

1. **Provisions**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Leave Provision** | **Bonus Provision** | **Gratuity provisions** | **Other Provisions** | **Total** |
|  | **Kshs** |  | **Kshs** | **Kshs** | **Kshs** |
| Balance at the beginning of the year | xxx | xxx | xxx | xxx | xxx |
| Additional Provisions | xxx | xxx | xxx | xxx | xxx |
| Provision utilised | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) |
| Change due to discount and time value for money | xxx | xxx | xxx | xxx | xxx |
| Balance at the end of the period | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**Notes to the financial statements (continued)**

**Provisions details**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| Current Portion of Provisions | xxx | xxx |
| Long-term portion of Provisions | xxx | xxx |
| **Total** | xxx | xxx |

1. **Retirement Benefit Obligations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Defined benefit plan** | **Post-employment medical benefits** | **Other Benefits** | **Period ended Sep\*/Dec\*/**  **Mar\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Current benefit obligation | xxx | xxx | xxx | xxx | xxx |
| Non-current benefit obligation | xxx | xxx | xxx | xxx | xxx |
| **Total** **employee benefits obligation** | xxx | xxx | xxx | xxx | xxx |

**Retirement benefit Asset/ Liability**

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

**Notes to the financial statements (continued)**

1. **Trade and Other Payables**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
| Trade payables | xxx | xxx |
| Accrued expenses | xxx | xxx |
| Revenue received in advance | xxx | xxx |
| Retention/ contract monies | xxx | xxx |
| Employee payables | xxx | xxx |
| Other payables | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary]*

1. **Customer Deposits**

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Audited**  **Prior year** |
|  | *Kshs* | *Kshs* |
| Opening Balance | xxx | xxx |
| Add: deposits received during the period | xxx | xxx |
| Less: Refunded deposits during the period | xxx | xxx |
| Closing balance (at the end of the period/year) | xxx | xxx |

1. **Deferred Income**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended**  **Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Audited**  **Prior year** |
|  | **KShs** | **KShs** |
| National/County government | xxx | xxx |
| International funders | xxx | xxx |
| Public contributions and donations | xxx | xxx |
| **Total** **deferred** **income** | xxx | xxx |

**Notes to the financial statements (continued)**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **County government** | **International funders** | **Public contributions and donations** | **Total** |
| Balance brought forward | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx |
| Transfers to Capital fund | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers to income statement | (xxx) | (xxx) | (xxx) | (xxx) |
| Other transfers | (xxx) | (xxx) | (xxx) | (xxx) |
| Balance carried forward at the end of the period/year | **xxx** | **xxx** | **xxx** | **xxx** |

1. **Dividends Payable**

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The balances are analysed in annual amount below:

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Audited**  **Prior year** |
|  | **Kshs** | **Kshs** |
|  |  |  |
| At the beginning of the year | XX | XX |
| Additional declared during the period | XX | XX |
| Paid during the period | (XX) | (XX) |
| Balance at end of the period/ year | XX | XX |

*Dividends payable to ordinary shareholders amounts to Kshs.xxx, while dividends payable to preference shareholders amounts to Kshs xxx****.***

**Notes to the financial statements (continued)**

1. **Notes to The Statement of Cash Flows**

|  | **Period ended Sep\*/Dec\*/**  **Mar\*/Jun\* 20xx** | **Audited**  **Prior year** |
| --- | --- | --- |
|  | **Kshs** | **Kshs** |
| 1. Reconciliation of operating profit/(loss) to cash generated from/(used in) operations |  |  |
| Profit or loss before tax | xxx | xxx |
| Depreciation | xxx | xxx |
| Amortisation | xxx | xxx |
| (Gain)/loss on disposal of property, plant and equipment | xxx | xxx |
| Operating profit/(loss) before working capital changes | xxx | xxx |
|  |  |  |
| (Increase)/decrease in inventories | xxx | xxx |
| (Increase)/decrease in trade and other receivables | xxx | xxx |
| Increase/(decrease) in trade and other payables | xxx | xxx |
| Increase/(decrease) in retirement benefit obligations | xxx | xxx |
| Increase/(decrease) in provision for staff leave pay | xxx | xxx |
| **Cash generated from/(used in) operations** | **xxx** | **xxx** |
|  |  |  |
| 1. **Analysis of changes in loans** |  |  |
|  |  |  |
| **Balance at beginning of the year** | **xxx** | **xxx** |
| Receipts during the period | xxx | xxx |
| Repayments during the period | (xxx) | (xxx) |
| Repayments of previous year’s/ period’s accrued interest | (xxx) | (xxx) |
| Foreign exchange (gains)/losses | xxx | (xxx) |
| Accrued interest | xxx | xxx |
|  |  |  |
| **Balance at end of the period** | **xxx** | **xxx** |
|  |  |  |
| 1. **Analysis of cash and cash equivalents** |  |  |
|  |  |  |
| Short term deposits | xxx | xxx |
| Cash at bank | xxx | xxx |
| Cash in hand | (xxx) | (xxx) |
|  | \_\_\_\_\_\_ | \_\_\_\_\_\_ |
| Balance at end of the period | xxx | xxx |
| 1. **Analysis of interest paid** |  |  |
|  |  |  |
| Interest on loans | xxx | xxx |
| Interest on bank overdraft | xxx | xxx |
| Interest on lease liabilities | xxx | xxx |
| Interest on loans capitalised | xxx | xxx |
| Balance at beginning of the year | xxx | xxx |
| Balance at end of the year (note 34(b)) | (xxx) | (xxx) |
| Interest paid | xxx | xxx |
|  |  |  |
| 1. **Analysis of dividend paid** |  |  |
|  |  |  |
| Balance at beginning of the year | xxx | xxx |
| 20xx dividends paid | xxx | xxx |
| 20xx dividends paid | xxx | xxx |
| 20xx interim dividends paid | xxx | xxx |
| Balance at end of the period | (xxx) | (xxx) |
| Dividend paid | xxx | xxx |

1. **Incorporation**

The Company is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

1. **Events After the Reporting Period**

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

1. **Currency**

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

# 

# Appendices

**Appendix I: Projects Implemented By The Company**

Projects implemented by the Company Funded by development partners.

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

**Status of Projects completion**

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

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

**Appendix II: Recording of Transfers from Other Government Entities**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of the County/MDA/Donor Transferring the funds** |  |  |  | **Where Recorded/recognized** | | | | |  |
| **Date received as per bank statement** | **Nature: Recurrent**  **/Development/**  **Others** | **Total Amount - KES** | **Statement of Comprehensive income** | **Capital Fund** | **Deferred Income** | **Receivables** | **Others - must be specific** | **Total Transfers during the Year** |
| Ministry/County department of Water | xxx | Recurrent | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Ministry/County Department of water. | xxx | Development | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| USAID | xxx | Donor Fund | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| name of Development partner/County department etc. | xxx | Direct Payment | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total** |  |  | xxx | xxx | xxx | xxx | xxx | xxx | xxx |

**Appendix III: Statement Of Profit Or Loss Per Quarter**

|  | **Quarter 1** | **Quarter 2** | **Quarter 3** | **Quarter 4** | **Cumulative to date** | **Comparative prior year total** |
| --- | --- | --- | --- | --- | --- | --- |
| **Revenues** | xxx | xxx | xxx | xxx |  |  |
| Revenue | (xxx) | (xxx) | (xxx) | (xxx) | xxx | xxx |
| Cost of sales | **xxx** | **xxx** | **xxx** | **xxx** | (xxx) | (xxx) |
| Gross profit |  |  |  |  | **xxx** | **xxx** |
| **Other income** | xxx | xxx | xxx | xxx |  |  |
| Grants from the National Government | xxx | xxx | xxx | xxx | xxx | xxx |
| Finance income | xxx | xxx | xxx | xxx | xxx | xxx |
| Other income | xxx | xxx | xxx | xxx | xxx | xxx |
| Other gains/(losses) | **xxx** | **xxx** | **xxx** | **xxx** | xxx | xxx |
| **Total revenues** |  |  |  |  | **xxx** | **xxx** |
|  |  |  |  |  |  |  |
| **Operating expenses** | xxx | xxx | xxx | xxx |  |  |
| Administration costs | xxx | xxx | xxx | xxx | xxx | xxx |
| Selling and Distribution Costs | xxx | xxx | xxx | xxx | xxx | xxx |
| Finance costs | **xxx** | **xxx** | **xxx** | **xxx** | xxx | xxx |
| **Total operating expenses** |  |  |  |  | **xxx** | **xxx** |
|  | **xxx** | **xxx** | **xxx** | **xxx** |  |  |
| **Profit/(loss) before taxation** |  |  |  |  | **xxx** | **xxx** |
|  | **xxx** | **xxx** | **xxx** | **xxx** |  |  |
| **Income tax expense/(credit)** |  |  |  |  | **xxx** | **xxx** |
|  | **xxx** | **xxx** | **xxx** | **xxx** |  |  |
| **Profit/(loss) after taxation** |  |  |  |  | **xxx** | **xxx** |
|  | xxx | xxx | xxx | xxx |  |  |
| Earnings per share – basic and diluted | xxx | xxx | xxx | xxx | xxx | xxx |
| Dividend per share |  |  |  |  | xxx | xxx |
|  |  |  |  |  |  |  |
| **Other comprehensive income** | xxx | xxx | xxx | xxx |  |  |
| **Profit/ (Loss) after taxation** | xxx | xxx | xxx | xxx | xxx | xxx |
| Surplus or deficit on revaluation of PPE | xxx | xxx | xxx | xxx | xxx | xxx |
| Remeasurement of net defined benefit liability | **xxx** | **xxx** | **xxx** | **xxx** | xxx | xxx |
| Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI | xxx | xxx | xxx | xxx | **xxx** | **xxx** |
| **Total comprehensive income for the period** | xxx | xxx | xxx | xxx | xxx | xxx |