a

***Revised Template 30th June 2021***



*(Indicate actual name of the Entity)*

QUARTERLY FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED XXXX, 20XX**

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

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# KEY ENTITY INFORMATION AND MANAGEMENT

1. **Background information**

The *entity* was incorporated/ established under the xxx Act on xxx (insert date). The entity is domiciled in Kenya and has branches in xxx, xxx (list them).

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

1. **Principal Activities**

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

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

1. **Key Management**

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

* Board of Directors/ Council/ Management etc;
* Accounting officer/ CEO/MD/VC etc
* Management

1. **Fiduciary Management**

The key management personnel who held office during the financial period ended XX and who had direct fiduciary responsibility were:

| **No.** | **Designation** | **Name** |
| --- | --- | --- |
| 1. | CEO, MD,VC,DG | **-** |
| 2. | Head of Corporate Services |  |
| 3. | Head of Finance | **-** |
| 4. | Head of Procurement | **-** |
| 5. | Xxx | **-** |
| 6. | Xxx |  |

*(Include all positions regarded as top management in your organisation as per your organisational structure).*

1. **Fiduciary Oversight Arrangements**

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

* *Audit and Risk Committee*
* *Finance committee*
* *Parliamentary Oversight Committees*
* *Development partner*
* *Other oversight arrangements*

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

1. **Entity Headquarters**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

Nairobi, KENYA

1. **Entity Contacts**

Telephone: (254) XXXXXXXX

E-mail: xxxx@xxx.com

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

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

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

1. Kenya Commercial Bank

…

...

…

1. **Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# THE BOARD OF DIRECTORS/COUNCIL

|  |  |  |
| --- | --- | --- |
| **Ref** | **Directors** | **Details** |
|  | Insert each Director’s passport-size photo and name, and key profession/academic qualifications | Provide a concise description of each Director’s date of birth, key 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. Indicate whether the director is independent and or whether alternate. |
|  | Director 2 |  |
|  | Director 3 |  |
|  | Director 4/Alternate |  |
|  | CEO/VC/DG |  |
|  | Entity Secretary | Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details. |
|  | Etc. |  |

# MANAGEMENT TEAM

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

# MANAGEMENT DISCUSSION AND ANALYSIS

**SECTION A**

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

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

**SECTION B**

**Entity’s compliance with statutory requirements**

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

**SECTION C**

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

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

**SECTION D**

**Major risks facing the entity.**

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

**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

**SECTION E**

**Material arrears in statutory/financial obligations**

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

**SECTION F**

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

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

# STATEMENT OF RESPONSIBILITIES

**STATEMENT OF DIRECTORS’ RESPONSIBILITIES**

Section 83 of the Public Finance Management Act, 2012 require the Directors to prepare quarterly financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial period and the operating results of the *entity* for that period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

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

The Directors accept responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the* *entities should quote applicable legislation as indicated under which they are established)* . The Directors are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial period, and of the *entity’s* financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

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

**Name…………………….. Name……………………**

**Signature……………………. Signature ………………………….**

**Chairperson of the Board/Council Accounting Officer**

# STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED SEPTEMBER/DECEMBER /MARCH/JUNE XX, 20XX

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Notes** | **Period ended Sep\*/Dec\*/Mar\*/Jun\*** | **Comparative Period** |
|  |  | **Kshs** | **Kshs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |
| Transfers from other governments entities | 6 | XXX | XXX |
| Levies, Fines and penalties | 7 | XXX | XXX |
| Public contributions and donations | 8 | XXX | XXX |
| Property taxes revenue | 9 | XXX | XXX |
| Licenses, Fees, and permits | 10 | XXX | XXX |
|  |  |  |  |
|  |  | **XXX** | **XXX** |
| **Revenue** **from** **exchange** **transactions** |  |  |  |
| Rendering of services | 11 | XXX | XXX |
| Sale of goods | 12 | XXX | XXX |
| Rental revenue from facilities and equipment | 13 | XXX | XXX |
| Finance income - external investments | 14 | XXX | XXX |
| Other income | 15 | XXX | XXX |
| **Total** **revenue** |  | **XXX** | **XXX** |
| **Expenses** |  |  |  |
| Use of goods and services | 16 | XXX | XXX |
| Employee costs | 17 | XXX | XXX |
| Remuneration of directors | 18 | XXX | XXX |
| Depreciation and amortization expense | 19 | XXX | XXX |
| Repairs and maintenance | 20 | XXX | XXX |
| Contracted services | 21 | XXX | XXX |
| Grants and subsidies | 22 | XXX | XXX |
| Finance costs | 23 | XXX | XXX |
| **Total** **expenses** |  | **XXX** | **XXX** |
| **Other** **gains/(losses)** |  |  |  |
| Gain on sale of assets | 24 | XXX | XXX |
| Gain on foreign exchange transactions |  | XXX | XXX |
| Unrealized gain on fair value of investments | 25 | XXX | XXX |
| Impairment loss | 26 | (XXX) | (XXX) |
| **Surplus** **before** **tax** |  | **XXX** | **XXX** |
| Taxation | 27 | (XXX) | (XXX) |
| **Surplus/(deficit)** **for** **the** **period** |  | **XXX** | **XXX** |
| Remission to National Treasury |  | **XXX** | **XXX** |
| **Net Surplus for the period** |  | **XXX** | **XXX** |
| Attributable to: |  |  |  |
| Surplus/(deficit) attributable to minority interest |  | XXX | (XXX) |
| Surplus attributable to owners of the controlling entity |  | XXX | XXX |
|  |  | **XXX** | **XXX** |

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

*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 POSITIONAS AT SEP/DEC/MARCH/JUNE XX, 20XX

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Notes** | **Period as at Sep\*/Dec\*/Mar\*/Jun\*** | **Audited Prior year** |
|  |  | **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current** **assets** |  |  |  |
| Cash and cash equivalents | 28 | XXX | XXX |
| Current portion of receivables from exchange transactions | 29(a) | XXX | XXX |
| Receivables from non-exchange transactions | 30 | XXX | XXX |
|  |  | XXX | XXX |
| Inventories | 31 | XXX | XXX |
| Investments | 32 | XXX | XXX |
|  |  | **XXX** | **XXX** |
| **Non-current** **assets** |  |  |  |
| Property, plant and equipment | 33 | XXX | XXX |
| Investments | 32 | XXX | XXX |
| Intangible assets | 34 | XXX | XXX |
| Investment property | 35 | XXX | XXX |
| Long term receivables from exchange transactions | 29(b) | XXX | XXX |
|  |  | XXX | XXX |
| **Total** **assets** |  | **XXX** | **XXX** |
| **Liabilities** |  |  |  |
| **Current** **liabilities** |  |  |  |
| Trade and other payables | 36 | XXX | XXX |
| Refundable deposits from customers | 37 | XXX | XXX |
| Current Provisions | 38 | XXX | XXX |
| Finance lease obligation | 39 | XXX | XXX |
| Current portion of borrowings | 43 | XXX | XXX |
| Deferred income | 40 | XXX | XXX |
| Employee benefit obligation | 41 | XXX | XXX |
| Payments received in advance |  | XXX | XXX |
| Taxation | 47 | XXX | XXX |
|  |  | **XXX** | **XXX** |
| **Non-current** **liabilities** |  |  |  |
| Non-current employee benefit obligation | 41 | XXX | XXX |
| Non-current provisions | 42 | XXX | XXX |
| Borrowings | 43 | XXX | XXX |
| Service concession liability | 44 | XXX | - |
| Deferred tax liabilities | 48 | XXX | XXX |
|  |  | **XXX** | **XXX** |
| **Total** **liabilities** |  | **XXX** | **XXX** |
| **Net** **assets** |  | **XXX** | **XXX** |
| Reserves |  | XXX | XXX |
| Accumulated surplus |  | XXX | XXX |
| Capital Fund |  | XXX | XXX |
| **Total** **net** **assets** **and** **liabilities** |  | **XXX** | **XXX** |

The Financial Statements set out on pages xxx to xxx were signed on behalf of the Board of Directors by:

Director General/C.E.O/M.D Head of Finance Chairman of the Board

Name: Name Name:

ICPAK Member Number:

Date....................................... Date ------------- Date.................................

*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.*

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

# STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED SEPT/DEC /MARCH/JUNE XX, 20XX

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Notes** | **Period ended Sep\*/Dec\*/Mar\*/Jun\*** | **Prior year audited** |
|  |  | **Kshs** | **Kshs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |  |
| **Receipts** |  |  |  |
| Property taxes |  | XXX | XXX |
| Public contributions and donations |  | XXX | XXX |
| Fines, penalties and levies |  | XXX | XXX |
| Licenses and permits |  | XXX | XXX |
| Government grants and subsidies |  | XXX | XXX |
| Rendering of services |  | XXX | XXX |
| Sale of goods |  | XXX | XXX |
| Finance income |  | XXX | XXX |
| Other income, rentals and agency fees |  | XXX | XXX |
| **Total Receipts** |  | **XXX** | **XXX** |
| **Payments** |  |  |  |
| Compensation of employees |  | XXX | XXX |
| Goods and services |  | XXX | XXX |
| Finance cost |  | XXX | XXX |
| Rent paid |  | XXX | XXX |
| Taxation paid |  | XXX | XXX |
| Other payments |  | XXX | XXX |
| Grants and subsidies paid |  | XXX | XXX |
| **Total Payments** |  | **XXX** | **XXX** |
| **Net** **cash** **flows** **from** **operating** **activities** | 45 | **XXX** | **XXX** |
| Cash flows from investing activities |  |  |  |
| Purchase of PPE and intangible assets | | (XXX) | (XXX) |
| Proceeds from sale of property, plant and |  |  |  |
| Equipment |  | XXX | XXX |
| Decrease in non-current receivables |  | XXX | XXX |
| Increase in investments |  | (XXX) | (XXX) |
| **Net** **cash** **flows** **used** **in** **investing** **activities** |  | **(XXX)** | **(XXX)** |
| **Cash** **flows** **from** **financing** **activities** |  |  |  |
| Proceeds from borrowings |  | XXX | XXX |
| Repayment of borrowings |  | (XXX) | (XXX) |
| Increase in deposits |  | XXX | XXX |
| **Net** **cash** **flows** **used** **in** **financing** **activities** |  | **(XXX)** | **(XXX)** |
| **Net** **increase/(decrease)** **in** **cash** **and** **cash equivalents** | | **XXX** | **(XXX)** |
| **Cash and cash equivalents at period Start** | 28 | XXX | XXX |
| **Cash and cash equivalents at Period end** | 28 | **XXX** | **XXX** |

*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. Entities should use the direct method of preparating cashflow as recommended by PSASB)*

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED SEPTEMBER/DECEMBER /MARCH/JUNE XX, 20XX

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Original annual Budget** | **Adjustments** | **Final Annual Budget** | **Actual Cumulative to date** | **% of Utilization** |
|  | a | b | c=a+b | d | e=d/c % |
| **Revenue** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Property taxes | XXX | - | XXX | XXX | (XXX) |
| Public contributions and donations | XXX | (XXX) | XXX | XXX | (XXX) |
| Fines, penalties and levies | XXX | (XXX) | XXX | XXX | (XXX) |
| Licenses and permits | XXX | - | XXX | XXX | XXX |
| Government grants and subsidies | XXX | - | XXX | XXX | XXX |
| Rendering of services | XXX | (XXX) | XXX | XXX | (XXX) |
| Sale of goods | XXX | - | XXX | XXX | (XXX) |
| Finance Income | XXX | - | XXX | XXX | XXX |
| Gains on disposal, rental income and agency fees | XXX | XXX | XXX | XXX | (XXX) |
| **Total** **income** | **XXX** | **(XXX)** | **XXX** | **XXX** | **(XXX)** |
| **Expenses** |  |  |  |  |  |
| Compensation of employees | XXX | - | XXX | XXX | (XXX) |
| Goods and services | XXX | (XXX) | XXX | XXX | (XXX) |
| Finance cost | XXX | (XXX) | XXX | XXX | (XXX) |
| Rent paid | XXX | (XXX) | XXX | XXX | - |
| Taxation paid | XXX | XXX | XXX | XXX | XXX |
| Other payments | XXX | - | XXX | XXX | (XXX) |
| Grants and subsidies paid | XXX | - | XXX | XXX | - |
| **Total** **expenditure** | **XXX** | **(XXX)** | **XXX** | **XXX** | **(XXX)** |
| **Surplus** **for** **the** **period** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |

**Budget notes**

*1. Provide explanation of differences between actual and budgeted amounts for significant under/ overutilisations IPSAS 24.14*

*2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

*3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

# NOTES TO THE FINANCIAL STATEMENTS

1. **GENERAL INFORMATION**

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

1. **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
2. **Revenue recognition**
3. **Revenue from non-exchange transactions**

**Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

***Rendering of services***

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

***Sale of goods***

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. **Budget information**

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

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

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. **Taxes**

***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 Entity 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. 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.

***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 period 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)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Taxes (Continued)**

***Sales tax***

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

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

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

1. **Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

1. **Property, plant and equipment**

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. **Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

1. **Intangible assets**

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

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

1. **Research and development costs**

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Research and development costs (Continued)**

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

1. **Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Research and development costs (Continued)**

**i) Financial instruments (Continued)**

***Financial assets (Continued)***

***Impairment of financial assets (Continued)***

* The debtors or an entity of debtors are experiencing significant financial difficulty
* Default or delinquency in interest or principal payments
* The probability that debtors will enter bankruptcy or other financial reorganization
* Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

1. **Inventories**

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

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Inventories (Continued)**

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

1. **Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

***Contingent assets***

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. **Nature and purpose of reserves**

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

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

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

1. **Employee benefits**

**Retirement benefit plans**

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

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

1. **Foreign currency transactions**

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

1. **Borrowing costs**

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. **Related parties**

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

1. **Service concession arrangements**

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

1. **Cash and cash equivalents**

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. **Comparative figures**

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

1. **Subsequent events**

There have been no events subsequent to the financial period end with a significant impact on the financial statements.

1. **SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

1. **SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

**Provisions**

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

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

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

1. **a) Transfers from Other Government Entities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| **Unconditional** **grants** |  |  |
| Operational grant | xxx | xxx |
| Other grants | xxx | xxx |
|  | **xxx** | **xxx** |
| **Conditional** **grants** |  |  |
| National housing grant | xxx | xxx |
| National infrastructure grant | xxx | xxx |
| Provincial health grant | xxx | xxx |
| Social services grant | xxx | xxx |
| Basic services subsidy | xxx | xxx |
| Transportation fund (international funding) | xxx | xxx |
| Other organizational grants | xxx | xxx |
| **Total** **government** **grants** **and** **subsidies** | **xxx** | **xxx** |

**b) Transfers from Ministries, Departments and Agencies (MDAs)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of the Entity sending the grant** | **Amount recognized to Statement of Financial Performance**  **KShs** | **Amount deferred under deferred income**  **KShs** | **Amount recognised in capital fund.** | **Total grant income during the period** | **Comparative Period** |
|  |  |  |
| **KShs** | **KShs** | **KShs** |
| xxx Ministry/State Department | xxx | xxxx | xxxx | xxxx | xxxx |
| xxx Ministry | xxx | xxxx | xxxx | xxxx | xxxx |
| **Total** | **xxx** | **xxxx** | **xxxx** | **xxxx** | **xxxx** |

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending entity Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)*

1. **LEVIES, FINES AND PENALTIES**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Fuel levy | Xxx | xxx |
| Fines | Xxx | xxx |
| **Total** | **Xxx** | **xxx** |

(Provide brief explanation for this revenue)

1. **PUBLIC CONTRIBUTIONS AND DONATIONS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| The Green Belt Movement | Xxx | Xxx |
| Other public donations | Xxx | Xxx |
| **Total transfers and sponsorships** | **Xxx** | **xxx** |
| **Reconciliation of public contributions and donations** | | |
| Balance unspent at beginning of the period | Xxx | xxx |
| Current period receipts | Xxx | xxx |
| Conditions met - transferred to revenue | Xxx | xxx |
| Conditions to be met - remain liabilities | **Xxx** | **xxx** |

(Provide brief explanation for this revenue)

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

1. **PROPERTY TAXES REVENUE**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| **Actual** |  |  |
| **Taxable land and buildings** |  |  |
| Residential | Xxx | xxx |
| Commercial | xxx | xxx |
| State | xxx | xxx |
| Penalties | xxx | xxx |
| **Sub- total property and taxes** | **xxx** | **xxx** |
| Income forgone | (xxx) | (xxx) |
| **Total property taxes revenue** | **xxx** | **xxx** |

(Provide brief explanation for this revenue)

1. **Licenses, Fees and Permits**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Licenses | xxx | xxx |
| Fees | xxx | xxx |
| Permits | xxx | xxx |
| **Total** | **xxx** | **xxx** |

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

1. **RENDERING OF SERVICES**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Waste management (solid waste) | xxx | Xxx |
| Waste management (sewerage and sanitation) | xxx | Xxx |
| Service fees | xxx | Xxx |
| Water quality | xxx | Xxx |
| Quality assurance |  |  |
| **Total** **revenue** **from** **the** **rendering** **of** **services** | **xxx** | **Xxx** |

(Provide brief explanation for this revenue)

1. **SALE OF GOODS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| **Sale of goods** |  |  |
| Sale of electricity | xxx | Xxx |
| Sale of water | xxx | Xxx |
| Sale of books | xxx | Xxx |
| Sale of publications | xxx | Xxx |
| Other( include in line with your organisation) |  |  |
| **Total** **revenue** **from** **the** **sale** **of** **goods** | **xxx** | **Xxx** |

(Provide brief explanation for this revenue)

1. **RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| operating lease revenues | xxx | xxx |
| Staff houses | xxx | xxx |
| Contingent rentals\* | xxx | xxx |
| **Total** **rentals** | **xxx** | **xxx** |

(*Provide brief explanation for this revenue*)

**\****Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.*

1. **FINANCE INCOME**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Cash investments and fixed deposits | xxx | xxx |
| Interest income from Treasury Bills | xxx | xxx |
| Interest income from Treasury Bonds | xxx | xxx |
| Interest from outstanding debtors | xxx | xxx |
| **Total** **finance** **income** | **xxx** | **xxx** |

(*Provide brief explanation for this revenue*)

1. **OTHER INCOME**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Insurance recoveries | xxx | xxx |
| Bulk infrastructure levies | xxx | xxx |
| Infrastructure improvement fee | xxx | xxx |
| Income from sale of tender | xxx | xxx |
| Services concession income | xxx | xxx |
| Skills development levy | xxx | xxx |
| **Total** **other** **income** | **xxx** | **xxx** |

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

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

1. **USE OF GOODS AND SERVICES**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Electricity | xxx | xxx |
| Water | xxx | xxx |
| Security | xxx | xxx |
| Professional services | xxx | xxx |
| Subscriptions | xxx | xxx |
| Advertising | xxx | xxx |
| Admin fees | xxx | xxx |
| Audit fees | xxx | xxx |
| Conferences and delegations | xxx | xxx |
| Consulting fees | xxx | xxx |
| Consumables | xxx | xxx |
| Fuel and oil | xxx | xxx |
| Insurance | xxx | xxx |
| Legal expenses | xxx | xxx |
| Licenses and permits | xxx | xxx |
| Chemicals | xxx | xxx |
| Water purification cost | xxx | xxx |
| Postage | xxx | xxx |
| Printing and stationery | xxx | xxx |
| Hire charges | xxx | xxx |
| Rental | xxx | xxx |
| Security costs | xxx | xxx |
| Sewage treatment costs | xxx | xxx |
| Skills development levies | xxx | xxx |
| Inventory scrapping | xxx | xxx |
| Telecommunication | xxx | xxx |
| Training | xxx | xxx |
| Travel, accommodation, subsistence and other allowances\* |  |  |
| Other general expenses | xxx | xxx |

\*Travel, accommodation, subsistence and other allowances- *Where this cost has been budgeted under employee costs please report it under note 17*

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

1. **EMPLOYEE COSTS**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Salaries and wages | xxx | xxx |
| Employer contribution to health insurance schemes | xxx | xxx |
| Employer contribution to pension schemes | xxx | xxx |
| Travel, motor car, accommodation, subsistence, and other allowances | xxx | xxx |
| Housing benefits and allowances | xxx | xxx |
| Overtime payments | xxx | xxx |
| Performance and other bonuses | xxx | xxx |
| Social contributions | xxx | xxx |
| Gratuity | xxx | xxx |
| Other employee related costs \* | xxx | xxx |
| **Employee** **costs** | **xxx** | **xxx** |

\* *Other employee related costs- please provide a brief explanation for these costs*

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

1. **Board /Council Expenses**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Chairman/Directors’ 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** | **xxx** | **xxx** |

1. **DEPRECIATION AND AMORTIZATION EXPENSE**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Property, plant and equipment | xxx | xxx |
| Intangible assets | xxx | xxx |
| Investment property carried at cost | xxx | xxx |
| **Total** **depreciation** **and** **amortization** | **xxx** | **xxx** |

1. **REPAIRS AND MAINTENANCE**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Property | xxx | xxx |
| Investment property – earning rentals | xxx | xxx |
| Equipment and machinery | xxx | xxx |
| Vehicles | xxx | xxx |
| Furniture and fittings | xxx | xxx |
| Computers and accessories | xxx | xxx |
| Others | xxx | xxx |
| **Total** **repairs** **and** **maintenance** | **xxx** | **xxx** |

1. **CONTRACTED SERVICES**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Actuarial valuations | xxx | Xxx |
| Investment valuations | xxx | Xxx |
| Property valuations | xxx | Xxx |
| **Total** **contracted** **services** | **xxx** | **Xxx** |

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

1. **GRANTS AND SUBSIDIES**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Community development | xxx | xxx |
| Education initiatives and programs | xxx | Xxx |
| Social development | xxx | Xxx |
| Community trust | xxx | Xxx |
| Sporting bodies | xxx | Xxx |
| **Total** **grants** **and** **subsidies** | **xxx** | **Xxx** |

1. **FINANCE COSTS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Borrowings (amortized cost)\* | xxx | xxx |
| Finance leases (amortized cost) | xxx | xxx |
| Unwinding of discount | xxx | xxx |
| Interest on Bank overdrafts | xxx | xxx |
| Interest on loans from commercial banks | xxx | xxx |
| **Total** **finance** **costs** | **xxx** | **xxx** |

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

1. **GAIN ON SALE OF ASSETS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
|  | xxx | xxx |
| Property, plant and equipment | xxx | xxx |
| Intangible assets | xxx | xxx |
| Other assets not capitalised | xxx | xxx |
| **Total** **gain** **on** **sale** **of** **assets** | **xxx** | **xxx** |

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

1. **UNREALIZED GAIN ON FAIR VALUE INVESTMENTS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Investments at fair value | xxx | xxx |
| **Total** **gain** | **xxx** | **xxx** |

1. **IMPAIRMENT LOSS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Property, plant and equipment | xxx | Xxx |
| Intangible assets | xxx | Xxx |
| **Total** **impairment** **loss** | **xxx** | **Xxx** |

1. **TAXATION**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Comparative Period** |
|  | **KShs** | **KShs** |
| Current income tax charge | xxx | xxx |
| **Deferred** **tax:** [Note 52] |  |  |
| Relating to original and reversal of temporary differences | xxx | xxx |
| **Income tax expense reported in the statement of financial performance** | **xxx** | **xxx** |

1. **CASH AND CASH EQUIVALENTS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| Current account | xxx | xxx |
| On - call deposits | xxx | xxx |
| Fixed deposits account | xxx | xxx |
| Staff car loan/ mortgage | xxx | xxx |
| Others(specify) | xxx | xxx |
| **Total** **cash** **and** **cash** **equivalents** | **xxx** | **xxx** |

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

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

**28 (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
| **Financial institution** | **Account number** | **KShs** | **KShs** |
|  |  |  |  |
| 1. **Current account** |  |  |  |
| Kenya Commercial bank |  | xxx | xxx |
| Equity Bank, etc |  | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** |
|  |  |  |  |
| 1. **On - call deposits** |  |  |  |
| Kenya Commercial bank |  | xxx | xxx |
| Equity Bank – etc |  | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** |
|  |  |  |  |
| 1. **Fixed deposits account** |  |  |  |
| Kenya Commercial bank |  | xxx | xxx |
| Bank B |  | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** |
|  |  |  |  |
| 1. **Staff car loan/ mortgage** |  |  |  |
| Kenya Commercial bank |  | xxx | xxx |
| Bank B |  | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** |
|  |  |  |  |
| 1. **Others(specify)** |  | xxx | xxx |
| Cash in transit |  | xxx | xxx |
| cash in hand |  | xxx | xxx |
| Mobile money accounts |  | xxx | xxx |
| **Sub- total** |  | **xxx** | **xxx** |
| **Grand total** |  | **xxx** | **xxx** |

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

1. **RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**(a)**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| **Current** **receivables** |  |  |
| Service ,water and electricity debtors | xxx | Xxx |
| Other exchange debtors | xxx | Xxx |
| Less: impairment allowance | (xxx) | (xxx) |
| **Total** **current** **receivables** | **xxx** | **Xxx** |

**(b)**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| **Non-current** **receivables** |  |  |
| Long term debtors | xxx | xxx |
| Public organizations | xxx | xxx |
| Less: impairment allowance | (xxx) | (xxx) |
|  | **xxx** | **xxx** |
| Current portion transferred to current receivables | (xxx) | (xxx) |
| **Total** **non-current** **receivables** | **xxx** | **xxx** |
| **Total** **receivables (a+b)** | **xxx** | **xxx** |

**29 c. RECONCILIATION FOR IMPAIRMENT ALLOWANCE ON RECEIVABLES FROM EXCHANGE TRANSACTIONS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| At the beginning of the period | xxx | xxx |
| Charge for the period | xxx | xxx |
| Recovered during the period | (xxx) | (xxx) |
| Write off during the period | (xxx) | (xxx) |
| At the end of the period | **xxx** | **xxx** |

1. **RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| **Current** **receivables** |  |  |
| Property tax debtors | xxx | xxx |
| Levies, Fines, and penalties | xxx | Xxx |
| Other debtors (non-exchange transactions) | xxx | Xxx |
| Less: impairment allowance | (xxx) | (xxx) |
| **Total** **current** **receivables** | **xxx** | **Xxx** |

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

**30 b) RECONCILIATION FOR IMPAIRMENT ALLOWANCE ON RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| At the beginning of the period | xxx | xxx |
| Provisions made during the period | xxx | xxx |
| Recovered during the period | (xxx) | (xxx) |
| Write off during the period | (xxx) | (xxx) |
| At the end of the period | **xxx** | **xxx** |

1. **INVENTORIES**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| Consumable stores | xxx | Xxx |
| Medical supplies | xxx | xxx |
| Spare parts and meters | xxx | xxx |
| Water for distribution | xxx | xxx |
| Other goods held for resale | xxx | xxx |
| Catering | xxx | xxx |
| **Total** **inventories** **at** **the** **lower** **of** **cost** **and** **net** **realizable** **value** | **xxx** | **xxx** |

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

1. **INVESTMENTS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| 1. **Investment in Treasury bills and bonds** |  |  |
| **Financial institution** |  |  |
| CBK | xxx | xxx |
| CBK | xxx | xxx |
| **Sub- total** | **xxx** | **xxx** |
|  |  |  |
| 1. **Investment with Financial Institutions/ Banks** |  |  |
| Bank x | xxx | xxx |
| Bank y | xxx | xxx |
| **Sub- total** | **xxx** | **xxx** |
|  |  |  |
| 1. **Equity investments (specify)** |  |  |
| Equity/ shares in entity xxx | xxx | xxx |
|  |  |  |
| **Sub- total** | **xxx** | **xxx** |
| **Grand total** | **xxx** | **xxx** |

**d) Shareholding in other entities**

For investments in equity share listed under note 32 above, list down the equity investments under the following categories:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of entity where investment is held** | **No of shares** | | | **Nominal value of shares** | **Fair value of shares** | **Fair value of shares** |
|  | **Direct shareholding** | **Indirect shareholding** | **Effective shareholding** |  | **Current period** | **Prior period** |
|  | **%** | **%** | **%** | **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** |

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

1. **PROPERTY, PLANT AND EQUIPMENT**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Land and**  **Buildings** | **Motor vehicles** | **Furniture and fittings** | **Computers** | **Other Assets**  **(specify)** | **Plant and**  **equipment** | **Capital**  **Work in progress** | **Total** |
| **Cost** | **Shs** | **Shs** | **Shs** | **Shs** | **Shs** | **Shs** | **Shs** | **Shs** |
| As at dd mm 20xx (*beginning of the previous year)* | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| Additions during the Year | XXX | XXX | XXX | **-** | **XXX** | **-** | **XXX** | **XXX** |
| Disposals during the year | (XXX) | (XXX) | **-** | **-** | (XXX) | **-** | (XXX) | **(XXX)** |
| Transfers/adjustments | XXX | (XXX) | **XXX** | (XXX) | (XXX) | **-** | **XXX** | **(XXX)** |
| As at dd mm 20xx (end *of the previous year)* | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| Additions during the period | XXX | XXX | XXX | - | XXX | XXX | XXX | **XXX** |
| Disposals during the period | (XXX) | - | - | - | (XXX) | - | (XXX) | **(XXX)** |
| Transfer/adjustments | (XXX) | XXX | XXX | (XXX) | (XXX) | - | XXX | **(XXX)** |
| As at dd mm 20xx (close *of the current period)* | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| **Depreciation and impairment** |  |  |  |  |  |  |  |  |
| As at dd mm 20xx (*beginning of the previous year)* | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) | - | (XXX) | **(XXX)** |
| Depreciation for the year | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) | - | (XXX) | **(XXX)** |
| Impairment for the year | (XXX) | - | - | - | (XXX) | - | - | **(XXX)** |
| As at dd mm 20xx (end *of the previous year)* | **XXX** | **XXX** | **XXX** | **XXX** | **X(XX** | **XXX** | **XXX** | **XXX** |
| Depreciation for the period | (XXX) | (XXX) | (XXX) | - | (XXX) | (XXX) | (XXX) | **(XXX)** |
| Disposals for the period | XXX | - | - | - | XXX | - | XXX | **XXX** |
| Impairment for the period | (XXX) | (XXX) | - | - | (XXX) | - | - | **(XXX)** |
| Transfer/adjustment for the period | XXX | (XXX) | (XXX) | XXX | (XXX) | - | (XXX) | **XXX** |
| As at dd mm 20xx (close *of the current period)* | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| **Net book values** |  |  |  |  |  |  |  |  |
| As at dd mm 20xx (close *of the current period)* | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| As at dd mm 20xx (end *of the previous year)* | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| *[Include brief description of WIP as a footer]* |  |  |  |  |  |  |  |  |

\*Figures for prior year are full figures for the prior period and should always be the starting balance and agree to balance sheet figures prior year

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

1. **INTANGIBLE ASSETS-SOFTWARE**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| **Cost** |  |  |
| **At beginning of the year/ period** | xxx | xxx |
| Additions | xxx | xxx |
| **At end of the year/ period** | xxx | xxx |
| Additions–internal development | xxx | xxx |
| **At end of the year/ period** | xxx | xxx |
| **Amortization and impairment** |  |  |
| **At beginning of the year/ period** | xxx | xxx |
| Amortization | xxx | xxx |
| **At end of the year/ period** | xxx | xxx |
| Impairment loss | xxx | xxx |
| **At end of the year/ period** | xxx | xxx |
| **NBV** | xxx | xxx |

1. **INVESTMENT PROPERTY**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| **At beginning of the period** | **xxx** | **xxx** |
| Additions | xxx | xxx |
| Impairment | xxx | xxx |
| **At end of the period** | **xxx** | **xxx** |

1. **TRADE AND OTHER PAYABLES**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| Trade payables | xxx | xxx |
| Payments received in advance | xxx | xxx |
| Employee payables | xxx | xxx |
| Third-party payments | xxx | xxx |
| Other payables | xxx | xxx |
| **Total** **trade** **and** **other** **payables** | **xxx** | **xxx** |

1. **REFUNDABLE DEPOSITS AND PREPAYMENTS FROM CUSTOMERS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| Customer deposits | xxx | Xxx |
| Prepayments |  |  |
| Other deposits | xxx | Xxx |
| **Total** **deposits** | **xxx** | **Xxx** |

1. **CURRENT PROVISIONS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Leave provision** | **Bonus provision** | **Other provision** | **Total** |
|  | **KShs** | **KShs** | **KShs** | **KShs** |
| **Balance at beginning of the year/ period** | xxx | xxx | xxx | xxx |
| Additional Provisions for the period | xxx | xxx | xxx | xxx |
| Provision utilised during the period | (xxx) | (xxx) | (xxx) | (xxx) |
| Change due to discount and time value for money | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers from non -current provisions | xxx | xxx | xxx | xxx |
| **Total provisions as at end of year/ period** | **xxx** | **xxx** | **xxx** | **xxx** |

1. **FINANCE LEASE OBLIGATION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Minimum lease payments** | **Future finance charges** | **Present value of minimum lease payments** | **20XX-20XX** |
|  | **KShs** | **KShs** | **KShs** | **KShs** |
| Within current period |  |  |  |  |
| Long term portion of lease payments |  |  |  |  |
| **Total** | **xxx** | **xxx** | **Xxx** | **xxx** |

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

1. **DEFERRED INCOME**

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

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **National government** | **International funders** | **Public contributions and donations** | **Total** |
| Balance brought forward | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions for the period | xxx | xxx | xxx | xxx |
| Transfers to Capital fund | (xxx) | (xxx) | (xxx) | (xxx) |
| Transfers to income statement | (xxx) | (xxx) | (xxx) | (xxx) |
| Other transfers | (xxx) | (xxx) | (xxx) | (xxx) |
| Balance carried forward | **xxx** | **xxx** | **xxx** | **xxx** |

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

1. **EMPLOYEE BENEFIT OBLIGATIONS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Defined benefit plan** | **Post-employment medical benefits** | **Other Provisions** | **Period ended Sep\*/**  **Dec\***  **/March\*/June\* 20xx** | **Prior year period** |
|  | **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 |

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

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity’s obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.XXX per employee per month.

1. **NON-CURRENT PROVISIONS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Long service leave** | **Gratuity** | **Other Provisions** | **Total** |
|  | **KShs** | **KShs** | **KShs** | **KShs** |
| Balance at the beginning of the period | xxx | xxx | xxx | xxx |
| Additional Provisions | xxx | xxx | xxx | xxx |
| Provision utilised | (xxx) | (xxx) | (xxx) | (xxx) |
| Change due to discount and time value for money | xxx | xxx | xxx | xxx |
| Less: Current portion | (xxx) | (xxx) | (xxx) | (xxx) |
| Balance at the end of the period | xxx | xxx | xxx | xxx |

*(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 38)*

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

1. **BORROWINGS**

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

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

|  |  |  |
| --- | --- | --- |
|  | **Period ended**  **Sep\*/Dec\***  **/March\*/June\* 20xx** | **Prior period audited** |
|  | **KShs** | **KShs** |
| **External Borrowings** |  |  |
| Dollar denominated loan from ‘xxx organisation’ | xxx | Xxx |
| Sterling Pound denominated loan from ‘yyy organisation’ | xxx | Xxx |
| Euro denominated loan from zzz organisation’ | 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 | **xxx** | **Xxx** |

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **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 period or the next financial period. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

1. **SERVICE CONCESSION ARRANGEMENTS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| Fair value of service concession assets recognized under PPE | xxx | xxx |
| Accumulated depreciation to date | (xxx) | (xxx) |
| Net carrying amount | **xxx** | **xxx** |
| Service concession liability at beginning of the period | xxx | xxx |
| Service concession revenue recognized | xxx | xxx |
| Service concession liability at end of the period | **xxx** | **xxx** |

1. **CASH GENERATED FROM OPERATIONS**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/**  **March\*/June\* 20xx** | **Prior year period** |
|  | **KShs** | **KShs** |
| **Surplus for the period before tax** | **xxx** | **xxx** |
| **Adjusted for:** |  |  |
| Depreciation | xxx | xxx |
| Non-cash grants received | (xxx) | (xxx) |
| Contributed assets | (xxx) | (xxx) |
| Impairment | xxx | xxx |
| Gains and losses on disposal of assets | (xxx) | (xxx) |
| Contribution to provisions | xxx | xxx |
| Contribution to impairment allowance | xxx | xxx |
| Finance income | (xxx) | (xxx) |
| Finance cost | xxx | xxx |
| **Working Capital adjustments** |  |  |
| Increase in inventory | (xxx) | (xxx) |
| Increase in receivables | (xxx) | (xxx) |
| Increase in deferred income | xxx | xxx |
| Increase in payables | xxx | xxx |
| Increase in payments received in advance | xxx | xxx |
| **Net cash flow from operating activities** | **xxx** | **xxx** |

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

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

1. **SEGMENT INFORMATION**

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

1. **TAXATION**

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **Kshs** | **Kshs** |
| At beginning of the period | XXX | XXX |
| Income tax charge for the period (note 27) | XXX | XXX |
| Under/(over) provision in prior period (note 27) | XXX | XXX |
| Income tax paid during the period | (XXX) | (XXX) |
|  | \_\_\_\_\_\_ | \_\_\_\_\_\_ |
| At end of the period | XXX | XXX |
|  | ===== | ===== |

*[Provide short appropriate explanations as necessary]*

**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 period end is attributable to the following items:

|  |  |  |
| --- | --- | --- |
|  | **Period ended Sep\*/Dec\*/March\*/June\* 20xx** | **Prior year period** |
|  | **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/(asset)** | XXX | XXX |
| The movement on the deferred tax account is as follows: |  |  |
|  |  |  |
| Balance at beginning of the period | XXX | XXX |
| Credit to revaluation reserve | (XXX) | (XXX) |
| Under provision in prior period | XXX | XXX |
| Income statement charge/(credit) | XXX | XXX |
|  |  | \_\_\_\_\_\_ |
| Balance at end of the period | XXX | XXX |

*[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)*

1. **EVENTS AFTER THE REPORTING PERIOD**

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

1. **ULTIMATE AND HOLDING ENTITY**

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

1. **CURRENCY**

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

# APPENDIX 1: STATEMENT OF FINANCIAL PERFORMANCE FOR EACH QUARTER

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Notes** | **Period ended Sep\*/Dec\*/Mar\*/Jun\*** | **Period ended Sep\*/Dec\*/Mar\*/Jun\*** | **Period**  **ended Sep\*/Dec\*/Mar\*/Jun\*** | **Period ended Sep\*/Dec\*/Mar\*/Jun\*** | **Cumulative\*\*** | **Comparative Period** |
|  |  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |  |  |  |  |  |
| Property taxes revenue | 7 | XXX | XXX | XXX | XXX | XXX | XXX |
| Public contributions and donations | 8 | XXX | XXX | XXX | XXX | XXX | XXX |
| Levies, Fines and penalties | 9 | XXX | XXX | XXX | XXX | XXX | XXX |
| Licenses and permits |  | XXX | XXX | XXX | XXX | XXX | XXX |
| Transfers from other governments entities | 6 | XXX | XXX | XXX | XXX | XXX | XXX |
|  |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |
| **Revenue** **from** **exchange** **transactions** |  |  |  |  |  |  |  |
| Rendering of services | 10 | XXX | XXX | XXX | XXX | XXX | XXX |
| Sale of goods | 11 | XXX | XXX | XXX | XXX | XXX | XXX |
| Rental revenue from facilities and equipment | 12 | XXX | XXX | XXX | XXX | XXX | XXX |
| Finance income - external investments | 13 | XXX | XXX | XXX | XXX | XXX | XXX |
| Agency fees |  | XXX | XXX | XXX | XXX | XXX | XXX |
| Other income | 14 | XXX | XXX | XXX | XXX | XXX | XXX |
| **Total** **revenue** |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |
| **Expenses** |  |  |  |  |  |  |  |
| Use of goods and services | 15 | XXX | XXX | XXX | XXX | XXX | XXX |
| Employee costs | 16 | XXX | XXX | XXX | XXX | XXX | XXX |
| Remuneration of directors | 17 | XXX | XXX | XXX | XXX | XXX | XXX |
| Depreciation and amortization expense | 18 | XXX | XXX | XXX | XXX | XXX | XXX |
| Repairs and maintenance | 19 | XXX | XXX | XXX | XXX | XXX | XXX |
| Contracted services | 20 | XXX | XXX | XXX | XXX | XXX | XXX |
| Grants and subsidies | 21 | XXX | XXX | XXX | XXX | XXX | XXX |
| Finance costs | 22 | XXX | XXX | XXX | XXX | XXX | XXX |
| **Total** **expenses** |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |
| **Other** **gains/(losses)** |  |  |  |  |  |  |  |
| Gain on sale of assets | 23 | XXX | XXX | XXX | XXX | XXX | XXX |
| Gain on foreign exchange transactions |  | XXX | XXX | XXX | XXX | XXX | XXX |
| Unrealized gain on fair value of investments | 24 | XXX | XXX | XXX | XXX | XXX | XXX |
| Impairment loss | 25 | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) |
| **Surplus** **before** **tax** |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |
| Taxation | 27 | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) |
| **Surplus/(deficit)** **for** **the** **period** |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |
| Remission to National Treasury |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |
| **Net Surplus for the period** |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |
| Attributable to: |  |  |  |  |  |  |  |
| Surplus/(deficit) attributable to minority interest |  | XXX | XXX | XXX | XXX | XXX | (XXX) |
| Surplus attributable to owners of the controlling entity |  | XXX | XXX | XXX | XXX | XXX | XXX |
|  |  | **XXX** | XXX | XXX | XXX | XXX | **XXX** |

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# APPENDIX II: PROJECTS

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

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

**Status of Projects completion**

*(Summarise the status of project completion at the end of each period, ie total costs incurred, stage which the project is etc)*

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

# APPENDIX III: INTER-ENTITY TRANSFERS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **ENTITY NAME:** |  | | |
|  | **Break down of Transfers from the State Department of XXX** | | | |
| a. | **Recurrent Grants** |  |  |  |
|  |  | **Bank Statement Date** | **Amount (KShs)** | **Indicate the FY to which the amounts relate** |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  | **Total** | **XXX** |  |
| b. | **Development Grants** |  |  |  |
|  |  | **Bank Statement Date** | **Amount (KShs)** | **Indicate the FY to which the amounts relate** |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  | **Total** | **XXX** |  |
| c. | **Direct Payments** |  |  |  |
|  |  | **Bank Statement Date** | **Amount (KShs)** | **Indicate the FY to which the amounts relate** |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  | **Total** | **XXX** |  |
| d. | Donor Receipts |  |  |  |
|  |  | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  | **Total** | **XXX** |  |

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager Head of Accounting Unit

XXX entity xxx Ministry

Sign --------------- Sign--------------

# APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of the MDA/Donor Transferring the funds** | **Date received** |  |  | **Where Recorded/recognized** | | | | |  |
| **as per bank statement** | **Nature: Recurrent/Development/Others** | **Total Amount - KES** | **Statement of Financial Performance** | **Capital Fund** | **Deferred Income** | **Receivables** | **Others - must be specific** | **Total Transfers** |
| Ministry of Planning and Devolution | xxx | Recurrent | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Ministry of Planning and Devolution | xxx | Development | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| USAID | xxx | Donor Fund | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Ministry of Planning and Devolution | 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 |