

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL ENVIRONMENT
TRUST FUND

FOR THE YEAR ENDED
30 JUNE 2014

*Paper laid by Hon. Metito
(Majority Whip) on
15.04.2015. (Afternoon)*





NETFUND

Leading the way to a greener future

NATIONAL ENVIRONMENT TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

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

NATIONAL ENVIRONMENT TRUST FUND

I. KEY ENTITY INFORMATION AND MANAGEMENT	ii
II. THE BOARD OF TRUSTEES	iv
III. MANAGEMENT TEAM.....	v
IV. CHAIRMAN'S STATEMENT	vii
V. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	viii
VI. CORPORATE GOVERNANCE STATEMENT.....	xiii
VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT	xvi
VIII. REPORT OF THE TRUSTEES.....	xviii
IX STATEMENT OF TRUSTEES' RESPONSIBILITIES.....	xix
X. REPORT OF THE INDEPENDENT AUDITORS ON THE FUND (NETFUND).....	xx
XI. STATEMENT OF FINANCIAL PERFORMANCE	1
XII. STATEMENT OF FINANCIAL POSITION	2
XIII. STATEMENT OF CHANGES IN NET ASSETS.....	3
XIV. STATEMENT OF CASH FLOWS.....	4
XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
XVI. NOTES TO THE FINANCIAL STATEMENTS	6

NATIONAL ENVIRONMENT TRUST FUND

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Environment Trust Fund (NETFUND) was established by the Environmental Management and Coordination Act (EMCA) 1999, Section 24 “to facilitate research intended to further the requirements of environmental management; capacity building; environmental awards; environmental publications; scholarships; and grants”.

(b) Principal Activities

The Fund’s principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships and grants

(c) Key Management

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

- Board of Trustees;
- Chief Executive Officer; and
- Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Catherine Ndegwa
2.	Director Resource Mobilisation	Rosaita Mbukua
3.	Director Technical Services	George Mwaniki
4.	Head of Finance	Samson Toniok

(e) Entity Headquarters

P.O. Box 19324-00202
Matumbato Road, Upper Hill, Geomaps Centre
Nairobi, KENYA

(f) Entity Contacts

P.O. Box 19324-00200
Telephone: +254 (0) 202369563/4
E-mail: info@netfund.go.ke
Website: www.netfund.go.ke

(g) Entity Bankers

Kenya Commercial Bank Limited,
P.O. Box 69695-00400
City Square 00200
Nairobi, Kenya

(h) Independent Auditors

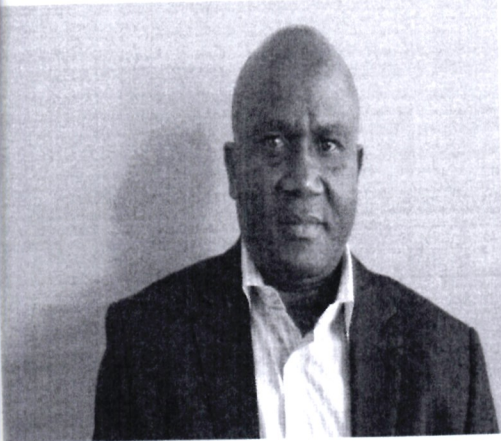
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
G.P.O. 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

NATIONAL ENVIRONMENT TRUST FUND

II. THE BOARD OF TRUSTEES

Board of Trustee	Profile
 <p data-bbox="209 1003 517 1032">MR. ALI MASUDI MWAKILEO</p>	<p data-bbox="884 472 1474 1099">Mr. Mwakileo has over 25 years experience in public service in the agricultural sector specifically in areas of soil and water conservation. He has also served as a Director, Agricultural Finance Corporation (AFC) and Chairman, Forest Conservation Committee, Coast Conservancy. He holds Bachelor of Science degree in Agriculture from the University of Nairobi and post graduate qualifications in Soil and Water Conservation and Agro Forestry from Indian Council of Agriculture Research (ICAR).</p>

III. MANAGEMENT TEAM



Catherine Nyagah - Chief Executive Officer

Catherine is an alumnus of the Kenya High School and holds a Bachelor of Arts (Literature and Philosophy) from Kenyatta University, Master of Arts in Communication from Daystar University and Executive Master of Business Administration from Strathmore Business School. She has served in many management positions in the nonprofit, academic and public sectors. She is experienced in organizational development and resource mobilization



Dr. Stephen Kimotho - Head of Communications

Dr. Kimotho has worked at administrative positions in various organizations including Optimali Agribusiness Solutions (OAS) as a Projects Coordinator and Lynka communications as Head of Business and senior editor at Longhorn Publishers. In academia, he has worked as lecturer in various universities in Kenya including Daystar University, Kenya Methodist University and St Paul's University..Dr. Kimotho holds a Ph.D. in Communication from Daystar University and is currently pursuing certification as Project Management Professional from PMI (USA).

NATIONAL ENVIRONMENT TRUST FUND



George Mwaniki – Head of Technical Services

Mwaniki has over 10 years of experience in environment management specializing in various areas including air quality, environmental policy, sustainable development, alternative energy research among others. He has previously worked at the Institute of Nuclear Science and Technology, University of Nairobi as Deputy Researcher; United States Environmental Protection Agency (EPA), Washington as compliance officer and as a lecturer at the Washington State University and University of Nairobi. Dr. Mwaniki holds a Ph.D. in Environmental Engineering from Washington State University, Master of Science degree in Environmental Engineering from University of Montana and a Bachelor of Science degree from the University of Nairobi.



Samson Taniok – Head of Finance

Samson has over 10 years experience within the Financial Services Sector. He has previously worked at Kenya Reinsurance Corporation as a senior accountant. Samson is a Certified Investment and Securities Analyst, a Certified Public Accountant and a member of ICPAK. He graduated from the University of Nairobi with a degree in Commerce accounting option.



Joan has over 10 years experience. She has previously worked at the USIU , Bangladesh High Commission in Kenya, and the Massachusetts Public Interest Research Group among other organizations. Joan is an alumna of Alliance Girls High School and holds a Bachelor of Science degree in Environmental Science from St. Joseph's College, ME USA, Master of Arts degree in International Relations, the American University, Washington DC.



Joshua has over 15 years experience in the Commercial Banking sector in Relationship and Credit Management. Joshua is an alumnus of Nairobi School and graduated from the University of Nairobi with a Bachelor of Arts Degree in Economics and Philosophy and is currently enrolled for a Master's of Science Degree in Finance and Investment.

NATIONAL ENVIRONMENT TRUST FUND

IV. CHAIRMAN'S STATEMENT

It gives me great pleasure to present to you NEFUND's annual report and financial statements for the year ended 30th June 2014. I am immensely proud of the hard work and commitment shown by my colleagues, the management and staff of NETFUND in achieving these goals.

During the year, we secured funding from National government to the tune of Ksh. 87.48 million up from 50 million in the FY 2012/13 to fund recurrent and development expenditures. We also secured a grant of Kshs 63 Million from the Government of Sweden through their Embassy in Kenya to contribute to the implementation of Environment and Climate change Sector plan through the financing of the Green Innovation Awards Program. This program has also attracted both financial and in-kind support from other partners such as corporate bodies and international organisations.

As with any start-up, the process of establishing an institution and systems is not without its challenges – slow uptake and development of proposals, high rejection rate of proposal and establishing investor confidence are some of the main concerns that the Fund has grappled with in the last two years. NETFUND is now entering a period of consolidating the capacity set up during the start up phase, which will be important in the contribution to the ministry's strategic objective. The organisation is in the process of developing a Strategic Plan for the period 2014-2019 that is a natural follow-up to the previous one. The Strategic Plan not only builds on the achievements and strengths of the NETFUND to date, but also provides strategies that address the inherent weaknesses and challenges faced. In addition, the Plan period fits in well with the Government of Kenya's (GOK) medium term goals on Environment and climate change and also Medium Term plan for Vision 2030. This creates an opportunity for the NETFUND to contribute to the GoK targets, and also negotiate for additional budgetary allocations, so as to contribute substantially to the overall plan of the Environment sector.

We foresee higher growth in the future. We will continue to live to our mandate of mobilizing, managing and availing resources for various aspects of environmental management

I take this opportunity to express my sincere appreciation to the Government, our development partners, fellow board members, stakeholders, management, and staff for their continued support which enabled us to achieve these results.

.....


Mr. Ali Mwakileo
Trustee

.....


Date
Nairobi

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

Environmental issues have of late become more pronounced in the thinking of mankind. The global trend now is to integrate these issues in the development agenda of any country. However due to competing interests in Kenya, the budgetary allocations for environment interventions have been insignificant compared to other sectors in the past and hence the need to source elsewhere for funding for environmental management.

NETFUND is a fund through which the government, multilaterals, bilateral, corporate bodies, individuals and other organizations can fund environmental, natural resources and climate change activities in Kenya.

Revenue

The year 2013/14 was a great year for us both in terms of growth in amount of funds raised from development partners and the budgetary allocation by the Government of Kenya. We have secured funding to the tune of Kshs 63 million from the Government of Sweden through the Embassy of Sweden and a 74% increase in GOK budgetary allocation to Kshs 87 million. NETFUND increased its efforts of resource mobilisation and building partnerships to enhance its chances of success in future. The fruits of these efforts are likely to be realised more in the coming years.

Expenses

NETFUND implemented stringent expenditure measures to ensure that the fund operates within the approved budget and to avoid budget overruns. The major cost component was staff costs, which accounted for 59% of the total expenses.

STRATEGIC OBJECTIVES PERFORMANCE REPORT

This report is a compilation of NETFUND's programs for 2013/2014 financial year. The programs are aligned to the Fund's Strategic Objectives which are:

- 1) Promote voluntary and positive attitudes, behavior, actions as well as skills in environmental management**

This objective was achieved through the Prestigious Green Award (PGA) and the Green Innovations Award (GIA). From the PGA, 11 projects were upscaled with one of the projects owner being named in the Forbes Magazine 'Top 30/under 30 Africa's best entrepreneurs'. The PGA was upgraded and

rebranded the NETFUND GIA. The inaugural Green Innovations Award (GIA) process was launched on February 13, 2014 at a launch ceremony held at the Laico Regency. The Government of Sweden came on board to support The NETFUND Green Innovations Award (GIA) which goes beyond just recognizing and rewarding best practice projects identified and seeks to incubate, upscale and commercialise projects with the aim of improving livelihoods. So far 20 projects have been identified for incubation.

2) Provide sustainable funding to promote innovative environmental initiatives

NETFUND was able to diversify its funding sources to incorporate funding from the Government of Sweden of Ksh. 63 million. In addition to this NETFUND has been granted funding of about Ksh. 17 million from IGAD. NETFUND is pursuing a double pronged resource mobilization strategy that aims at identifying opportunities which would materialize in the short-term and laying the foundation for long-term sustainable fund raising.

3) Enhance capacity for environmental management

This entails supporting the interventions through improvement of the ability of the beneficiaries to deliver on the projects. The support component has been incorporated into most of NETFUND's funding programs in the form of trainings, financial support, developing systems for implementation, acquisition of requisite materials and equipment. The intervention that supported the achievement of this strategic objective was the Daadab project. This is a project that seeks to rehabilitate the Dadaab refugee camp and the surrounding areas which have seen the population grow from about 260,000 refugees in 2009 to over 400,000.

4) Contribute to policy development and implementation

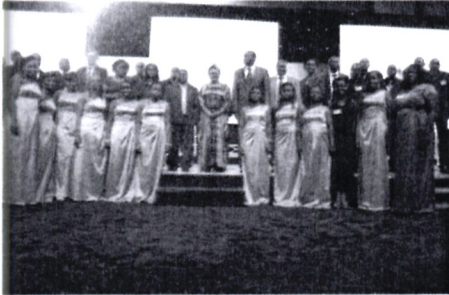
In line with the mandate of NETFUND, departments worked on programs supporting research. The findings realized from the research will inform policy development with empirical evidence. In this regard, three programs of Environment Journal, Online Resources Centre and E-waste Management were developed.

5) Develop NETFUND internal capacity to enable it deliver on its mandate

NETFUND believes in professionalism as a core value and that can only be delivered through enhancing the ability of its staff to facilitate the implementation of projects formulated. Apart from a rigorous recruitment process to identify suitable staff, NETFUND has put in place systems for on the job training, formal trainings and coaching to improve on staff capacity. Systems were therefore developed to support the processes of identifying, formulating and designing, financing and

NATIONAL ENVIRONMENT TRUST FUND

implementing, finally monitoring and evaluating the projects for effectiveness, impacts, relevance, sustainability and efficiency.



Green Innovations Award (GIA)

The Green Innovations Award's Vision is an environmentally responsible and motivated society embracing best practices for a clean, healthy and productive environment. Its mission is to promote and strengthen innovative green initiatives.

Auditing the NETFUND GIA

NETFUND contracted KPMG Kenya through a competitive process, to audit the process of the NETFUND GIA to ensure credibility. Officials from KPMG Kenya have done the mapping part of the award process and submitted a report. They will be involved in the all processes of the award program.

Human Resources Performance Management

The following performance management system was put in place:

Monthly Reporting: All departments set targets for the FY 2013/14 and are required to develop annual reports which are aligned to the organisation's annual report. The targets are used by teams to prepare monthly reports for monthly management meetings. The reports help in evaluating the teams' performances.

Appraisals: Performance appraisals were carried out at the end of each quarter in 2013/ 2014 financial year. This is in line with the Fund's Performance appraisal guidelines which are anchored in NETFUND's Human Resources Manual.

Execution: The organisation has adopted the FranklinCovey 4 disciplines of execution which assist the staff focus on doing the most critical and important tasks to enable the organisation achieve its goals. These involve setting weekly targets dubbed WIGS (Wildly Important Goals) which are aligned to Organisational Goals which are reviewed during weekly departmental meetings and a 30 minute meeting at corporate level.

Staff Welfare:

Staff Medical Scheme

NETFUND staff and their families are provided with a medical cover administered by Real Health Insurance Company. The cover commenced in July 2013 and will expire in June 2014. The organisation has also held team building exercises and a Christmas party which are all geared to motivating staff and fostering better relationships among staff.

OPERATIONAL EXCELLENCE

NETFUND sought to achieve operational excellence in the year under review. This meant more efficiency in service delivery by improving infrastructure capacity.

Development of policy manuals

During the period under review a number of policies were developed;

HIV and AIDS Policy

This document defines the policy of NETFUND regarding the HIV/AIDS pandemic, as well as its effects on staff and operations of the fund.

The overall objective of the policy is to assist all NETFUND staff, their families and the community to live healthy, productive and rewarding lifestyles.

Anticorruption Policy

This Anti- Fraud and Anti-Corruption Policy of NETFUND sets out the policy and procedures relating to fraud, corruption and/or collusion and is aligned to the Government of Kenya policy.

Information Communication Policy

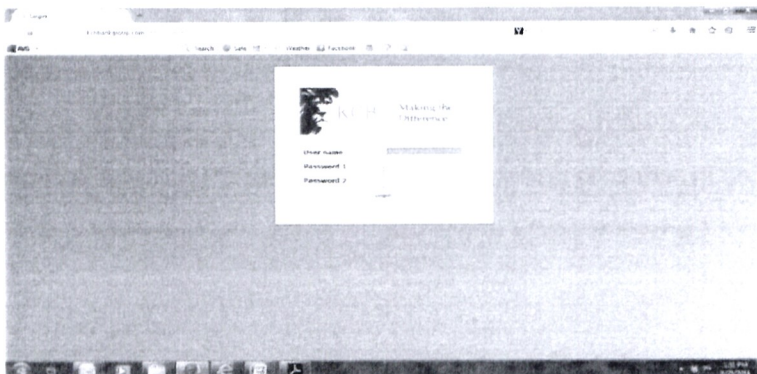
To ensure that the members of staff use NETFUND Information and Communication Technology (ICT) facilities and services in an appropriate and responsible manner. This policy also seeks to ensure that outside persons do not misuse those ICT facilities and services.

Risk Management Policy

This document outlines the ERM (Enterprise Risk Management) policy framework for the trustees and management of The Fund. It describes The Fund's risk management processes and sets out the requirements for management in generating risk management action.

KCB Quick pay application

QuickPay Web client is a payment solution that enables the customer to effect direct debits and credits payments in a secure environment from the comfort of the office. NETFUND began using the application to improve on the efficiency and the cost effectiveness of payments generated by NETFUND.



NETFUND Payroll System

NATIONAL ENVIRONMENT TRUST FUND

NETFUND developed an in-house payroll system to improve on its efficiency of processing the payroll and other HR functions. It has a database of HR staff records.

Print screen of the Payroll system

The screenshot displays the 'NETFUND HR Information Management System' interface. The window title is 'National Environment Trust Fund'. The menu bar includes 'File', 'HR', 'Inventory', 'Setup', and 'User'. The main area shows a list of staff records with columns for ID, Name, Title, Address, Phone, Email, and other details. The records are listed in a table format.

ID	Name	Title	Address	Phone	Email	Other
47001	Catherine Ndung'u	Chief Executive Officer	Ngara	0711-111111		
47002	John Mwangi	Finance Manager	Ngara	0711-111111		
47003	James Mutitu	HR Manager	Ngara	0711-111111		
47004	David Kimani	Operations Manager	Ngara	0711-111111		
47005	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47006	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47007	Michael Omondi	HR Officer	Ngara	0711-111111		
47008	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47009	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47010	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47011	John Mwangi	Finance Officer	Ngara	0711-111111		
47012	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47013	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47014	Michael Omondi	HR Officer	Ngara	0711-111111		
47015	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47016	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47017	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47018	John Mwangi	Finance Officer	Ngara	0711-111111		
47019	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47020	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47021	Michael Omondi	HR Officer	Ngara	0711-111111		
47022	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47023	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47024	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47025	John Mwangi	Finance Officer	Ngara	0711-111111		
47026	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47027	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47028	Michael Omondi	HR Officer	Ngara	0711-111111		
47029	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47030	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47031	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47032	John Mwangi	Finance Officer	Ngara	0711-111111		
47033	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47034	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47035	Michael Omondi	HR Officer	Ngara	0711-111111		
47036	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47037	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47038	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47039	John Mwangi	Finance Officer	Ngara	0711-111111		
47040	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47041	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47042	Michael Omondi	HR Officer	Ngara	0711-111111		
47043	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47044	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47045	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47046	John Mwangi	Finance Officer	Ngara	0711-111111		
47047	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47048	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47049	Michael Omondi	HR Officer	Ngara	0711-111111		
47050	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47051	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47052	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47053	John Mwangi	Finance Officer	Ngara	0711-111111		
47054	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47055	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47056	Michael Omondi	HR Officer	Ngara	0711-111111		
47057	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47058	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47059	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47060	John Mwangi	Finance Officer	Ngara	0711-111111		
47061	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47062	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47063	Michael Omondi	HR Officer	Ngara	0711-111111		
47064	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47065	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47066	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47067	John Mwangi	Finance Officer	Ngara	0711-111111		
47068	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47069	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47070	Michael Omondi	HR Officer	Ngara	0711-111111		
47071	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47072	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47073	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47074	John Mwangi	Finance Officer	Ngara	0711-111111		
47075	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47076	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47077	Michael Omondi	HR Officer	Ngara	0711-111111		
47078	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47079	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47080	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47081	John Mwangi	Finance Officer	Ngara	0711-111111		
47082	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47083	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47084	Michael Omondi	HR Officer	Ngara	0711-111111		
47085	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47086	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47087	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47088	John Mwangi	Finance Officer	Ngara	0711-111111		
47089	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47090	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47091	Michael Omondi	HR Officer	Ngara	0711-111111		
47092	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47093	Samuel Mutitu	Finance Officer	Ngara	0711-111111		
47094	Christine Wanjiku	Admin. Officer	Ngara	0711-111111		
47095	John Mwangi	Finance Officer	Ngara	0711-111111		
47096	Grace Njeri	Admin. Officer	Ngara	0711-111111		
47097	Joseph Mwangi	Finance Officer	Ngara	0711-111111		
47098	Michael Omondi	HR Officer	Ngara	0711-111111		
47099	Elizabeth Wanjiku	Admin. Officer	Ngara	0711-111111		
47100	Samuel Mutitu	Finance Officer	Ngara	0711-111111		

Conclusion

I wish to take this opportunity to thank everyone for their support throughout the year, I am grateful to our development partners and to all our stakeholders for their unwavering trust, support and partnership. A big thank you to the staff and management of NETFUND. I believe that with their continued support and commitment, we shall deliver our services more efficiently and effectively impact more people with environmental management services in the coming years.

Catherine Ndung'u 05/02/2015

Catherine Ndung'u
Chief Executive Officer

VI. CORPORATE GOVERNANCE STATEMENT

ESTABLISHMENT AND COMPOSITION OF THE BOARD

ESTABLISHMENT

The National Environment Trust Fund (NETFUND) was established by the Environmental Management and Coordination Act (EMCA) 1999, Section 24 “to facilitate research intended to further the requirements of environmental management; capacity building; environmental awards; environmental publications; scholarships; and grants”.

Since its launch in 2004, the Fund has grown gradually, from 1 (one) staff member at its launch to a current workforce of 24 (twenty four) members of staff.

MANAGEMENT AND GOVERNANCE OF THE FUND

NETFUND is administered by a Board of Trustees (BoT) appointed by the Minister of Environment, Water and Natural Resources. The BoT is the main decision-making organ charged with, amongst other things, policy formulation, provision of advisory services, control of NETFUND funds and assets and undertaking other activities in line with the mission and vision of NETFUND

THE ROLE OF THE BOARD

As guided by EMCA, the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Board’s role is to provide effective leadership and control, in terms of approving the NETFUND’s strategy and ensuring best practice of corporate governance.

The Board retains full and effective control over the Fund by monitoring the implementation of Board plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Board also reviews NETFUND’s succession plans for the management team and endorses senior executive appointments, organisational changes and remuneration matters. It is concerned with key elements of the governance processes which sustain the operations of the Fund, performance reporting processes as well as other disclosure requirements.

The Board meets at least once a quarter. The calendar of meetings is prepared annually in advance and detailed papers to be discussed are made available to Trustees in good time before the meeting.

BOARD EFFECTIVENESS

The separation of the functions of the Chairperson and Chief Executive Officer ensures independence of the Board from NETFUND’s corporate management. There is a clear definition of the roles and responsibilities of the two offices.

The Chairperson is a non-executive trustee and is primarily responsible for providing leadership to the Board while the Chief Executive Officer is responsible for the day-to-day management of the Fund. This achieves an appropriate balance of power, increased accountability and improved capacity for decision making.

NATIONAL ENVIRONMENT TRUST FUND

TRUSTEES REMUNERATION

In accordance with guidelines provided in the State Corporations Act, the trustees are paid taxable sitting allowance for every meeting attended, as well as travel and accommodation allowance while on NETFUND's duty. The Chairman is also paid a monthly honorarium.

Statement of Compliance

The Board of Trustees confirms that National Environment Trust Fund has throughout the 2013/2014 financial year complied with all Statutory and Regulatory requirement and that NETFUND has been managed in accordance with the requisite principles of Corporate Governance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The Trustees are responsible for reviewing the effectiveness of the Fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposal and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The Fund has a Code of Ethics and Service Charter that is applicable to all employees. These are among a number of Standing Instructions to employees of the fund designed to enhance internal control. The Fund has also designed additional set of standing instructions to be followed in the management of various functions in the organization.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Fund can meet its future management requirements.

Strategic Plan

The business of the fund is determined by the Strategic Plan. The Strategic Plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. On an annual basis, NETFUND's Board of Trustees approves the work plan supported by the financial plan for the year. Progress in achieving the set objectives in the plan is monitored on a quarterly basis.

Internal Control Framework

The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the Fund, is approved by the Board.

NATIONAL ENVIRONMENT TRUST FUND

The Board considers significant control matters raised by management and both the internal and external auditors. Where weaknesses are identified, the Board ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2013/14

Management Team

The management team headed by the Chief Executive Officer implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Board's objectives are achieved effectively and efficiently. Such policies developed include the Finance Manual, Procurement manual and Human Resources manual, among others.

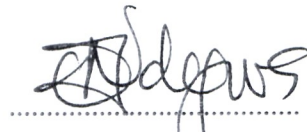
Audit

NETFUND is audited by the Auditor General.



Ali Mwakileo

Trustee



Catherine Ndegwa

Chief Executive Officer

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

NETFUND's CSR activities are guided by the following principles:

1. Mutual Beneficial Partnerships

NETFUND seeks to establish mutually beneficial partnerships by synergizing CSR efforts by Corporates through partnerships to work with NETFUND on already existing projects.

2. Fund Ethics and Transparency

NETFUND is committed to maintaining the highest standards of integrity and corporate governance practices in order to maintain excellence in its daily operations, and to promote confidence in our governance systems.

3. Corporate Governance

NETFUND endeavors to ensure that stakeholders have confidence in the decision-making and management processes of the fund, by the conduct and professionalism of all staff. We do this by continually training and developing our staff.

4. Environment Health & Safety

NETFUND takes its environmental responsibilities seriously believing that responsible environmental activity is in the interests of both our Fund and the communities in which we work closely with.

5. Human Rights

NETFUND does not tolerate human rights abuses, and does not engage in any activity that solicits or encourages human rights abuse; this zero tolerance to human rights abuses means that in NETFUND there is respect for cultures, customs, and values of individuals and groups.

6. Equality and Diversity

NETFUND aims at elimination of discrimination on any grounds and promotes equality of opportunity in all aspects such as recruitment, awards, and distribution of donor funds.

7. Workforce

In keeping with this policy NETFUND has invested in the care of her employees through trainings capacity building and skills development programmes, a good Performance management system and a Medical cover for staff and dependants.

8. Community

NETFUND endeavors to contribute to the wellbeing of the community we work with in different ways including “giving back to the community”. This is through direct donations to charities and/or causes or in kind where the staffs of NETFUND volunteer their services in activities to do with the environment that directly affect the lives of the community members for the better.

Activities carried out under CSR.

Ruaraka Environmental Restoration Campaign

The campaign aimed at bringing together the various business entities around Ruaraka into being environmentally conscious and to consider the repercussions of not handling their waste in the designated manner. The organizing committee comprised of NETFUND, Strategic Applications International (SAI), SC Johnson, Frigoken, Premier foods, The Nairobi County Government’s Environment Section and Roy Transmotors Ltd.



Left: NETFUND members of Staff during the clean up. Right: The Trailer and banner that were used during the Road show aimed at sensitizing the community.

Tree planting in Kibiko Ngong’

NETFUND in conjunction with Kenya Reinsurance Corporation organized a tree planting activity under corporate social responsibility (CSR). The exercise which was the planting of one thousand (1,000) trees took place in November 21, 2013 in Kibiko Primary and secondary school in Ngong’.



NATIONAL ENVIRONMENT TRUST FUND

Left: Pupils and students of Kibiko Primary & Secondary school, Right: Kenya Re & NETFUND Members of staff during the tree planting exercise.

VIII. REPORT OF THE TRUSTEES

The Board of Trustees submit their report together with the audited financial statements for the year ended June 30, 2014 which shows the state of the Fund's affairs.

Principal activities

The Fund's principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships and grants

Results

The results of the entity for the year ended June 30, 2014 are set out from page 1

Trustees

The trustees who held office during the year and to the date of this report are set out on in earlier sections of the report.

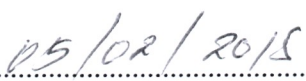
Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with the Public Finance Management (PFM) Act, 2012. The Auditor General continues in office in accordance with the Public Finance Management (PFM) Act, 2012.

FOR AND ON BEHALF OF THE BOARD OF TRUSTEES.


.....

Mr. Ali Mwakileo
Trustee


.....

Date
Nairobi

NATIONAL ENVIRONMENT TRUST FUND

IX. STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

The Trustees are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Trustees are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2013, and of the Fund's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Approved by the Board of Trustees on 29/01/2015 2014 and signed on its behalf by

.....
Mr. Ali Mwakileo
Trustee

.....
Catherine Ndegwa
Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON NATIONAL ENVIRONMENT TRUST FUND FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENT

I have audited the accompanying financial statements of National Environment Trust Fund set out at pages 1 to 21, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act 2003, and submit the report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Environment Management Coordination Act, 1999.

Emphasis of Matter

Section 15 (1) of the State Corporation Act, Cap 446 stipulates that a Board shall be responsible for the proper management of the affairs of a State Corporation and shall be responsible for the moneys, the financial business and the management of a State Corporation. However, the Fund has been operating without a full Board in place due to expiry of tenure and pursuit of political interest of previous members.

As a result, several policy matters of the Fund had not been undertaken during the year under review due to lack of policy direction and ownership of decisions made by the management. My opinion however, is not qualified in respect of the matter.

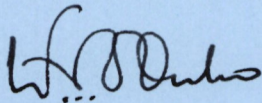
Other Matter

(i) General Internal Control

The management had not put in place a risk management policy.

(ii) IT Internal Control

The IT steering committee was not in place and as such IT internal control could not be relied upon.



Edward R. O. Ouko, CBS
AUDITOR- GENERAL

Nairobi

6 March 2015

NATIONAL ENVIRONMENT TRUST FUND

XI. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Revenue from non-exchange transactions			
GOK Grants	3	87,480,000	49,730,000
Public contributions and donations	4	800,000	164,521
Transfers from other governments – gifts and services-in-kind	5	33,872,008	-
		122,152,008	49,894,521
Revenue from exchange transactions			
Finance income - external investments	6	2,122,282	-
Other income	7	251,784	28,458
		2,374,066	28,458
Total revenue		124,526,074	49,922,978
Expenses			
Employee costs	8	51,664,036	34,931,280
Board of Trustees Expense	9	207,200	1,401,817
Depreciation and amortization expense	10	3,661,997	3,658,999
Repairs and maintenance	11	1,158,006	302,075
Contracted services	12	3,635,528	931,600
Grants and subsidies	13	19,479,653	3,429,406
General expenses	14	17,046,673	13,824,971
Finance costs	15	91,265	53,316
Total expenses		96,944,358	58,533,463
Other gains/(losses)		-	-
Surplus before tax		27,581,716	(8,610,485)
Taxation		-	-
Surplus for the period		27,581,716	(8,610,485)

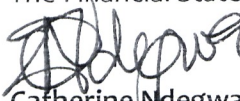
The notes set out on pages 6 to 18 form an integral part of the Financial Statements

NATIONAL ENVIRONMENT TRUST FUND

XII. STATEMENT OF FINANCIAL POSITION As at 30 June 2014

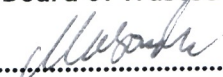
	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	16	52,340,685	88,395
Receivables from exchange transactions	17	1,326,467	1,493,114
Receivables from non-exchange transactions	18	7,396,363	4,050,176
Inventory	19	1,222,822	331,555
		62,286,338	5,963,240
Non-current assets			
Property, plant and equipment	20	9,382,153	10,380,087
		9,382,153	10,380,087
Total assets		71,668,490	16,343,327
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	14,642,160	15,931,863
Deferred income	22	29,033,150	-
		43,675,310	15,931,863
Non-current liabilities			
Non-current employee benefit obligation		-	-
Non-current provisions		-	-
		-	-
Total liabilities		43,675,310	15,931,863
Net assets			
Capital Reserves		26,112,824	79,909
Accumulated surplus		8,024,781	8,024,781
		19,968,399	(7,613,317)
Total net assets and liabilities		71,668,490	16,343,327

The Financial Statements set out on pages 1 to 19 were signed on behalf of the Board of Trustees by:


Catherine Ndegwa
Chief Executive Officer

Date.....05/02/2015.....

Ali Mwakileo
Board of Trustee


Date.....

NATIONAL ENVIRONMENT TRUST FUND

XIII. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2014

Attributable to the owners of the controlling Fund

	Capital Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2012	8,024,781	665,613	8,690,394
Surplus/(deficit) for the period	-	(8,610,485)	(8,610,485)
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 JUNE 2013	8,024,781	(7,944,872)	79,909
Prior year adjustment	-	331,555	331,555
Balance as at 1st July 2013	8,024,781	(7,613,317)	411,464
Surplus/(deficit) for the period	-	27,581,716	27,581,716
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 JUNE 2014	8,024,781	19,968,399	28,009,105

NATIONAL ENVIRONMENT TRUST FUND

XIV. STATEMENT OF CASH FLOWS

	2013-2014 Kshs	2012-2013 Kshs
Cash flows from operating activities		
Receipts		
GOK Grants	84,133,813	53,042,401
Public contributions and donations	800,000	164,521
Other Government grants and subsidies	62,905,158	-
Finance income	2,122,282	-
Other income	251,784	28,458
	150,213,037	53,235,380
Payments		
Compensation of employees	49,476,545	30,846,268
Goods and services	36,452,106	13,341,663
Finance cost	91,265	53,316
Rent paid	6,569,567	6,273,054
Other payments	207,200	1,401,817
Grants and subsidies paid	2,500,000	2,750,000
	95,296,683	54,666,118
Net cash flows from operating activities	54,916,354	(1,430,738)
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	(2,664,064)	-
Proceeds from sale of property, plant and Equipment	-	-
Net cash flows used in investing activities	(2,664,064)	-
Cash flows from financing activities		
Increase in deposits	-	-
Net cash flows used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	52,252,290	(1,430,738)
Cash and cash equivalents at 1 JULY	88,395	1,519,133
Cash and cash equivalents at 30 JUNE	52,340,685	88,395

NATIONAL ENVIRONMENT TRUST FUND

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs		
Revenue										
GOK Grants & Subsidies	87,480,000	-	-	-	87,480,000	87,480,000	87,480,000	-		
Public contributions and donations	-	800,000	800,000	-	800,000	800,000	800,000	-		
Other Government grants and subsidies	-	62,905,000	62,905,000	-	62,905,000	33,872,008	33,872,008	28,232,992		
Rendering of services	-	-	-	-	-	-	-	-		
Other Income	-	251,784	251,784	-	251,784	251,784	251,784	-		
Finance Income	-	2,122,282	2,122,282	-	2,122,282	2,122,282	2,122,282	-		
Total income	87,480,000	65,421,532	65,421,532	65,421,532	153,559,066	124,526,074	124,526,074	28,232,992		
Expenses										
Compensation of employees	51,351,860	-	-	-	51,351,860	51,664,036	51,664,036	(312,176)		
Goods and services	25,388,140	-	-	-	25,388,140	18,932,637	18,932,637	(6,455,503)		
Finance cost	90,000	-	-	-	90,000	91,265	91,265	(1,265)		
Rent paid	6,700,000	-	-	-	6,700,000	6,569,567	6,569,567	130,433		
Other payments	800,000	-	-	-	800,000	207,200	207,200	592,800		
Grants and subsidies paid	3,150,000	63,500,000	63,500,000	-	37,650,000	19,479,653	19,479,653	(18,170,347)		
Total expenditure	87,480,000	63,500,000	63,500,000	63,500,000	121,980,000	96,944,358	96,944,358	25,035,642		
Surplus for the period	-	2,579,066	2,579,066	2,579,066	31,579,066	27,581,716	27,581,716	3,997,350		

NATIONAL ENVIRONMENT TRUST FUND

XVI. NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance and basis of preparation – IPSAS 1

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

Summary of significant accounting policies

a. Revenue recognition

Revenue from non-exchange transactions – IPSAS 23

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the fund and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

Government grants are recognized as income when there is reasonable assurance that the grants will be received and the entity will comply with the conditions attached to them. The grants are recognized as income on a systematic and rational basis over the period necessary to match them with the related costs.

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 Fund and can be measured reliably.

Revenue from exchange transactions – IPSAS 9

Rendering of services

The Fund 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.

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.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Fund. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Fund differences that would require reconciliation

NATIONAL ENVIRONMENT TRUST FUND

between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IAS 12

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 Fund 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.

e) Property, plant and equipment – IPSAS 17

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 Fund 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.

Depreciation is calculated using the straight line method on the cost of each asset to its residual value over its estimated useful life using the following per annum rates:

Motor vehicle	25%
Furniture & fittings	12.5%
Computer, printers and software	25%
Office equipment	12.5%

g) Intangible assets – IPSAS 31

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.

i) Research and development costs

The Fund expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Fund 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

NATIONAL ENVIRONMENT TRUST FUND

- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

h) Financial instruments – IPSAS 29

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 Fund 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 Fund 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 Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. A financial asset or a Fund 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 Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a Fund 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)

ii) Financial liabilities

Initial recognition and measurement

NATIONAL ENVIRONMENT TRUST FUND

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 Fund 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.

IPSAS 29.65

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.

i) Inventories – IPSAS 12

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 condition 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

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 Fund.

j) Provisions – IPSAS 19

Provisions are recognized when the Fund 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.

Contingent liabilities

The Fund 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 Fund 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 Fund in the notes to the financial statements. Contingent assets are assessed continually

NATIONAL ENVIRONMENT TRUST FUND

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.

k) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Foreign currency transactions – IPSAS 4

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.

p) Related parties – IPSAS 20

The Fund 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 Fund, or vice versa. Members of key management are regarded as related parties.

q) Service concession arrangements – IPSAS 32

The Fund 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 Fund 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 Fund also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

NATIONAL ENVIRONMENT TRUST FUND

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Fund'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 year, are described below. The Fund 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 Fund. 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:

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

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.

u) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

3. GOK Grants

Actual	2014 Shs	2013 Shs
Taxable land and buildings		
Recurrent	56,700,000	48,000,000
Development	30,780,000	1,730,000
Total property taxes revenue	87,480,000	49,730,000

NATIONAL ENVIRONMENT TRUST FUND

4. Public contributions and donations

	2014	2013
	Shs	Shs
WWF	800,000	-
Other	-	164,521
Total transfers and sponsorships	800,000	164,521
	2014	2013
	Shs	Shs
Reconciliation of public contributions and donations		
Balance unspent at beginning of year	-	-
Current year receipts	800,000	164,521
Conditions met - transferred to revenue	(800,000)	(164,521)
Conditions to be met - remain liabilities	-	-

5. Transfers from other governments – gifts and services-in-kind

	2014	2013
	Shs	Shs
Unconditional grants		
Operational grant	-	-
Other	-	-
	-	-
Conditional grants		
Embassy of Sweden Grant-GIA	33,872,008	-
	33,872,008	-
Total grants from other governments	33,872,008	-
Reconciliation of conditional grants from other governments		
Balance unspent at the beginning	-	-
Current year receipts	62,905,158	-
Conditions met-Transferred to revenue	(33,872,008)	-
Conditions to be met-Liabilities(see note20)	29,033,150	-

6. Finance income - external investments

	2014	2013
	Shs	Shs
Cash investments and fixed deposits	2,122,282	-
Total finance income – external investments	2,122,282	-

7. Other income

	2014	2013
	Shs	Shs
Insurance recoveries	72,000	-
Other income	179,784	28,458
Total other income	251,784	28,458

NATIONAL ENVIRONMENT TRUST FUND

8. Employee costs

	2014 Shs	2013 Shs
Employee related costs – Personal Emoluments	36,897,557	34,822,020
Employee related costs - contributions to NSSF& Pensions schemes	152,080	109,200
Employee related costs – Leave allowance	580,781	-
Employee related costs - Gratuity	14,033,618	-
Recruitment costs	-	-
Expenditure recharged to capital projects	-	-
Employee costs	51,664,036	34,931,220

9. Board of Trustees Expense

	2014 Shs	2013 Shs
Chairman's Honoraria	-	720,000
Sitting Allowances	167,000	565,452
Travel & Accommodation allowance	40,200	116,365
Total councillors' remuneration	207,200	1,401,817

10. Depreciation and amortization expense

	2014 Shs	2013 Shs
Property, plant and equipment	3,661,997	3,658,999
Intangible assets	-	-
Total depreciation and amortization	3,661,997	3,658,999

11. Repairs and maintenance

	2014 Shs	2013 Shs
Property	383,387	-
Equipment	163,420	-
Vehicles	569,523	283,238
Other	41,676	18,837
Total repairs and maintenance	1,158,006	302,075

12. Contracted/Consultancy Services

	2014 Shs	2013 Shs
Strategy	416,295	301,600
Legal Fees	332,533	150,000
Human Resources	1,294,900	-
ICT Services	850,000	480,000
Other	741,800	-
Total contracted services	3,635,528	931,600

NATIONAL ENVIRONMENT TRUST FUND

13. Grants and subsidies

	2014	2013
	Shs	Shs
PGA Grant	2,750,000	2,750,000
NETFUND GIA Project	16,126,653	-
WDCD	400,000	-
Capacity Enhancement	203,000	679,406
Total grants and subsidies	19,479,653	3,429,406

14. General expenses

The following are included in general expenses:

	2014	2013
	Shs	Shs
Advertising	558,120	-
Local Travel	1,223,125	1,894,233
Audit fees	-	-
Computer Expenses	502,343	773,445
Rent and Rates	6,569,567	6,273,054
Consumables	1,095,593	536,055
Corporate Expenses	398,964	-
Fuel and oil	530,621	601,701
Insurance	3,991,257	2,561,558
Internet charges	302,185	540,597
Telephone and Postage	861,102	289,944
Printing and stationery	1,013,796	354,384
Total general expenses	17,046,673	13,824,971

15. Finance costs

	2014	2013
	Shs	Shs
Bank charges	91,265	53,316
Finance leases (amortized cost)	-	-
Total finance costs	91,265	53,316

16. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months.

	2014	2013
	Shs	Shs
Bank	11,683,186	88,395
Cash-on-hand and in transit	(35)	-
Short-term deposits	40,657,534	-
Total cash and cash equivalents	52,340,685	88,395

NATIONAL ENVIRONMENT TRUST FUND

17. Receivables from exchange transactions

	2014	2013
Current receivables	Shs	Shs
Staff Debtors	174,796	241,444
Other exchange debtors	1,151,670	1,251,670
Less: impairment allowance	-	-
Total current receivables	1,326,466	1,493,114

2014

	0-3 Months	3 – 12 Months	Over 12 Months	Total
Staff Debtors	44,000	130,796	-	174,796
Other Exchange Debtors			1,151,670	1,151,670
	44,000	130,796	1,151,670	1,326,466

2013

	0-3 Months	3 – 12 Months	Over 12 Months	Total
Staff Debtors	104,000	137,444	-	241,444
Other Exchange Debtors	100,000		1,151,670	1,251,670
	204,000	137,444	1,151,670	1,493,114

18. Receivables from Non Exchange Transactions

	2013-2014	2012-2013
	Shs	Shs
Other debtors (non-exchange transactions)-NEMA	7,396,363	4,050,176
Less: impairment allowance	-	-
Total current receivables	7,396,363	4,050,176

19. Inventories

	2014	2013
	Shs	Shs
Consumable stores	1,222,822	331,555
Catering	-	-
Total inventories at the lower of cost and net realizable value	1,222,822	331,555

NATIONAL ENVIRONMENT TRUST FUND

20. Property, plant and equipment

Cost	Motor Vehicle	Furniture & Fittings	Computers & Printers	Equipments	Total
	Shs	Shs	Shs	Shs	Shs
At 1 July 2012	7,704,720	5,484,755	3,810,910	5,422,537	22,422,922
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 June 2013	7,704,720	5,484,755	3,810,910	5,422,537	22,422,922
Additions	-	220,694	2,121,920	321,450	2,664,064
Disposals	-	-	-	-	-
At 30 June 2014	7,704,720	5,705,448	5,932,830	5,743,987	25,086,986
Depreciation and impairment					
At 1 July 2012	4,120,825	1,643,707	1,663,500	955,804	8,383,836
Depreciation	1,462,290	685,594	833,298	677,817	3,658,999
Impairment	-	-	-	-	-
At 30 June 2013	5,583,115	2,329,301	2,496,798	1,633,621	12,042,835
Depreciation	1,303,680	690,196	980,799	687,325	3,661,997
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 June 2014	6,886,795	3,019,497	3,477,594	2,320,947	15,704,832
Net book values					
At 30 June 2014	817,925	2,685,951	2,455,2356	3,423,041	9,382,153
At 30 June 2013	2,121,605	3,155,453	1,314,111	3,788,916	10,389,087

NATIONAL ENVIRONMENT TRUST FUND

	2014	2013
	Shs	Shs
Trade payables	6,642,555	9,765,009
Payments received in advance	-	-
Employee advances	197,184	342,687
Other payables (PAYE Taxes)	7,802,420	5,824,165
Total trade and other payables	14,642,160	15,931,862

22. Deferred income

	2014	2013
	Shs	Shs
GOK Grant	-	-
International funders-SIDA Grant	29,033,150	-
Public contributions and donations	-	-
Total deferred income	29,033,150	-

23. Financial instruments - Financial Risk Management

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Fund's operations. This note presents information about the Fund's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Fund's management of capital. Further quantitative disclosures are included throughout these financial statements.

Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Fund's financial instruments.

Financial Assets

2014

	Carrying Amount	Fair Value
Receivable from exchange transactions	1,326,466	1,326,466
Cash and cash equivalents	51,683,151	51,683,151
Total trade and other payables	53,009,617	53,009,617

2013

Receivable from exchange transactions	1,493,114	1,493,114
Cash and cash equivalents	88,395	88,395
Total trade and other payables	1,581,509	1,581,509

NATIONAL ENVIRONMENT TRUST FUND

24. Financial Liabilities

2014

	Carrying Amount	Fair Value
Trade and other payables from exchange transactions	14,642,160	14,642,160
Total trade and other payables	14,642,160	14,642,160

2013

Trade and other payables from exchange transactions	15,931,863	15,931,863
Total trade and other payables	15,931,863	15,931,863

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(b) Financial risk management objectives

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and the effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The management has drafted a risk management manual that guides the management of the risks affecting NETFUND.

(c) Credit risk

NETFUND's credit risk is primarily attributable to its liquid funds with financial institutions, deposits and prepayments made for provision. The credit risk on the liquid funds with financial institutions is low because the counter parties are banks with high credit-ratings. The deposits and prepayments are fully performing as FUND continues to enjoy the services secured by these balances. The default rate is low.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board members, who have built an appropriate liquidity risk management framework for the management of the fund's short, medium and long-term funding and liquidity management requirements. Liquidity risk is the risk of the Fund not being able to meet its obligations as they fall due. The Fund's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

(e) Market risk management

NETFUND takes on exposure to market risk, which is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect NETFUND's surplus or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Monitoring of market risk is done by management in conjunction with the Board of Trustees.

NATIONAL ENVIRONMENT TRUST FUND

Market risk exposures are measured by the use of sensitivity analyses. The market risk exposure for the NETFUND relates primarily to currency risk.

Currency Risk

The Authority undertakes certain transactions denominated in foreign currencies mainly the USD and Euro. This results in exposures to exchange rate fluctuations. NETFUND does not hedge its foreign currency risk. In light of the above, any adverse movements in exchange rates may result in either exchange gain or loss, with the latter having a negative impact on earnings, as NETFUND reports its financial performance in Kenya Shillings.

Interest rate risk

NETFUND is exposed to interest rate risk due to fluctuations in interest rates on the bank balances that it holds.

Capital Risk Management

NETFUND manages its funds to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and fund balance. The capital structure of NETFUND consists of capital reserve and accumulated surplus.

25. Related party disclosures

2014

Designation	Basic Pay	Allowances	Total
Chief Executive Officer	2,986,320.00	2,560,000.00	5,546,320.00
Director Resource Mobilisation	1,244,460.00	890,000.00	2,134,460.00
Director Communication	1,671,030.00	594,000.00	2,265,030.00
Director Technical Services	1,628,100.00	770,266.40	2,398,366.40
Head of Finance	1,953,720.00	716,000.00	2,669,720.00
Manager Resource Mobilisation	1,706,400.00	839,866.70	2,546,266.70
Manager Communication	1,706,400.00	834,733.33	2,541,133.33
Total	12,896,430.00	7,204,866.43	20,101,296.43

2013

Designation	Basic Pay	Allowances	Total
Chief Executive Officer	2,986,320.00	2,460,000.00	5,446,320.00
Director Technical Services	2,325,960.00	1,464,000.00	3,789,960.00
Director Resource Mobilisation	2,325,960.00	1,247,400.00	3,573,360.00
Head of Finance	1,953,720.00	528,000.00	2,481,720.00
Manager Technical Services	1,706,400.00	528,000.00	2,234,400.00
Manager Communication	1,706,400.00	528,000.00	2,234,400.00
Manager Resource Mobilisation	1,706,400.00	528,000.00	2,234,400.00
Total	14,711,160.00	7,283,400.00	21,994,560.00

NATIONAL ENVIRONMENT TRUST FUND

26. Cash generated from operations

	2014 Shs	2013 Shs
Surplus for the year before tax	27,581,716	(8,610,485)
Adjusted for:		
Depreciation	3,661,997	3,658,999
Working capital adjustments:		
Increase in inventory	(891,267)	-
Increase in receivables	(3,179,539)	3,234,957
Increase in deferred income	29,033,150	-
Decrease in payables	(1,289,703)	285,791
Increase in payments received in advance	-	-
Net cash flows from operating activities	54,916,354	(1,430,738)

27. Contingent Assets & Liabilities

	2014 Kshs	2013 Kshs
Guarantee	1,151,670	1,151,670

a). Guarantees

Guarantees commit the Fund to make payments on behalf of the guaranteed in the event of a specific act and carry a certain risk.

The Fund has given a guarantee for rent to Tyson Valuers for KShs. 1,151,670 which shall expire on 1st March 2017. This guarantee covers the obligation to Tyson Valuers of three months' rent. The guarantee was issued by the Trustees' bankers in favor of Tyson Valuers. The Board has entered into counter indemnity with the same bank. The guarantee was issued in the normal course of the business.

b). Legal Matters

The Fund is not involved in any legal proceedings. The directors believe, based on the information currently available, that the Fund does not have any contingent liabilities which are likely to have a material effect on the results of the Board's operations, financial position or liquidity. Therefore no provision has been made in the financial statements.

28. Commitments; Operating Lease Rentals

Non-cancellable operating lease rentals are payable as follows:

	2014	2013
Not later than One year	6,957,529	6,569,567
Later than One year	8,107,901	15,065,430
	15,065,430	21,634,997

The Fund has leased office premises under an operating lease. The lease typically runs for 6 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The Fund does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance.

29. Fair Value

The Board of Trustees consider that there is no material difference between the fair value and carrying value of the company's financial assets and liabilities, where fair value details have not been presented

NATIONAL ENVIRONMENT TRUST FUND

30. Capital Commitments

All capital commitments contracted for/authorized at the reporting period end have been recognized in the financial statements.

31. Events after the reporting period

The Board of Trustees s are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of National Environment Trust Fund and results of its operation as laid out in these financial statements.

32. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the Financial Statements as required by International Public Sector Accounting Standards and any amendment whenever necessary in the current year

33. Currency

The financial statements are presented in Kenya Shillings