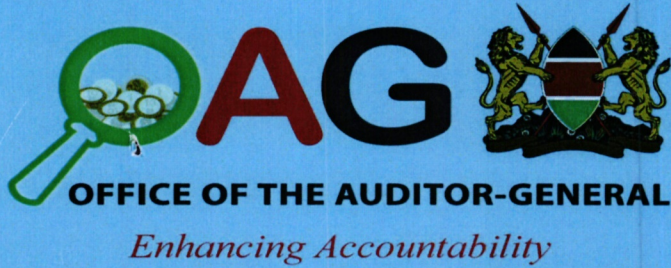
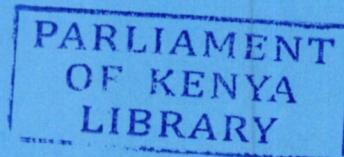


REPUBLIC OF KENYA



# REPORT

OF




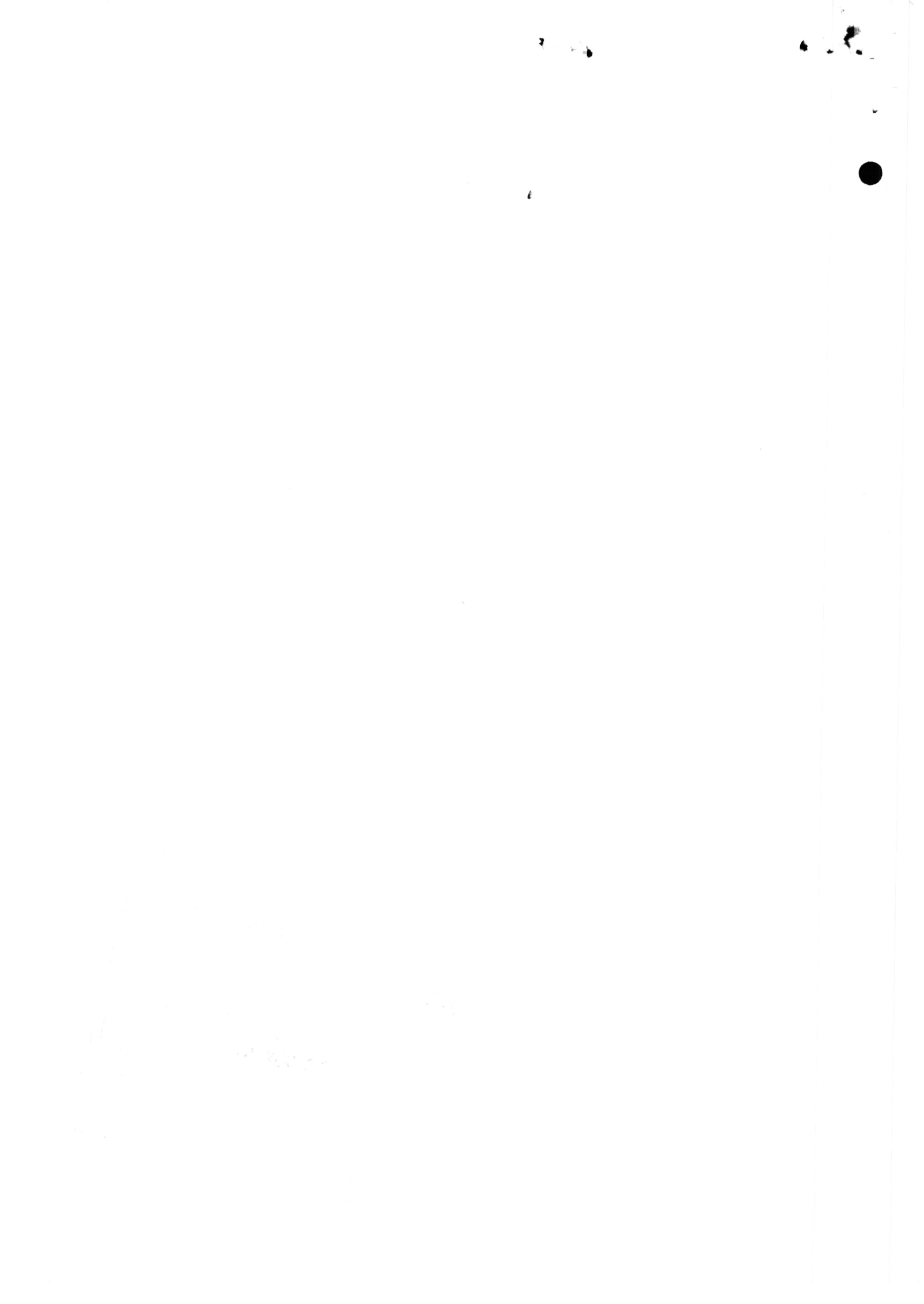
**THE AUDITOR-GENERAL**

ON

**NON-GOVERNMENTAL ORGANIZATIONS  
(NGOs) CO-ORDINATION BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

 THE NATIONAL ASSEMBLY PAPER LAID	
DATE:	23 NOV 2021
TABLED BY:	L.O'M
CLERK-AT THE-TABLE:	Getrude Chebet
	DAY:





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**NON-GOVERNMENTAL ORGANIZATIONS CO-ORDINATION BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2020**

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

**Non-Governmental Organizations Co-Ordination Board  
Annual Reports and Financial Statements  
For the year ended June 30, 2020**

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## **KEY NGOS CO-ORDINATION BOARD INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Non-Governmental Organizations Co-ordination Board simply referred to as the NGOs Co-ordination Board, was established by an Act of Parliament in 1990 under the provisions of the State Corporations Act, Cap 446 of the Laws of Kenya.

### **(b) Principal Activities**

The principal activities of the NGOs Co-ordination Board includes but not limited to register, co-ordinate and facilitate the work of all national and international NGOs operating in/from Kenya.

Its mission is to efficiently and effectively regulate and enable the charitable sector to enhance its role in national development.

### **(c) Key Management**

The NGO Board's day-to-day management is under the Board of Directors and the Executive Director/CEO.

### **(d) Fiduciary Management**

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

- |   |                  |
|---|------------------|
| 1. Executive Director                   | - Mutuma Nkanata |
| 2. Deputy Executive Director            | - Andrew Ogombe  |
| 3. Finance Manager                      | - David Njane    |
| 4. Internal Audit & Risk Manager        | - Bernard Bwoma  |
| 5. Human Resource & Development Manager | - Joyce Yiaile   |
| 6. Procurement Manager                  | - Doris Muthini  |
| 7. Legal Affairs Manager.               | - Lindon Otieno  |
| 8. Public Relations Manager             | - Richard Chesos |
| 9. Corporate Affairs Manager            | - Nixon Sekoh    |
| 10. Research & Policy Manager           | - Jemimah Muraya |

**(e) Fiduciary Oversight Arrangements**

The Board plays the fiduciary responsibility role which is achieved through the following committees:

1. Finance Committee
  - i. Approval of the budget and procurement plan.
  - ii. Approval of quarterly financial statements.
  - iii. Approval of quarterly performance contracting reports.
  - iv. Recommend approval of final financial statements
  - v. Recommend approval of final performance contracting report.
2. Audit and Risk Committee
  - i. Evaluating adequacy of management procedures with regard to issues relating to risk management, control and governance.
  - ii. Reviewing and approving the Audit Charter where applicable and the internal audit Annual Work plans.
  - iii. Reviewing the Internal and External Audit findings and recommendations and proposing corrective and preventive action where necessary.
  - iv. Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
  - v. Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in the Board.
3. Human Resource and Administration Committee
  - i. Recruitment of staff
  - ii. Review of staff performance appraisals
  - iii. Provide guidelines of human resource management
  - iv. Preside over disciplinary cases
  - v. Promotion of staff
4. Operations and Registration Committee
  - i. Recommendation for work permits
  - ii. Recommend for approval of registration of NGOs
  - iii. Review the annual sector report
  - iv. Approve the operations work plan

**KEY NGOS CO-ORDINATION BOARD INFORMATION AND MANAGEMENT  
(Continued)**

**(f) NGOs Co-ordination Board Headquarters**

Co-operative Bank House 15<sup>th</sup> floor  
HaileSelassie Avenue  
P.O Box 44617-00100  
Nairobi, **KENYA**.

**(g) NGOs Co-ordination Board Contacts**

Telephone: +254-020- 2214044  
E-mail: info@ngobureau.or.ke  
Website: www.ngobureau.or.ke

**(h) NGOs Co-ordination Board Bankers**

Co-operative Bank of Kenya Limited  
Co-op House Branch  
P.O Box 67881 (00200)  
Telephone: 3276279  
Nairobi, **KENYA**

**(i) Independent Auditors**



Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O.Box 30084  
00100(GPO)  
Nairobi, **KENYA**

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
00200(City Square)  
Nairobi, **KENYA**

**THE BOARD OF DIRECTORS**

<p><b>1. The Director's name and key profession/academic qualifications</b></p>	<p><b>Description of each Director's date of birth, key qualifications and work experience</b></p>
<div data-bbox="210 387 529 705" data-label="Image"> </div> <p data-bbox="210 741 464 779">Gichira Kibara, CBS</p>	<p data-bbox="1050 456 1193 488"><b>Chairman</b></p> <p data-bbox="855 495 1390 600">Masters degree - Law, Bachelor degree - Law and Leadership in Development.</p>
<div data-bbox="162 831 600 1200" data-label="Image"> </div> <p data-bbox="162 1240 373 1279">Stella M. Munyi</p>	<p data-bbox="983 826 1262 862"><b>Rep Foreign Affairs</b></p> <p data-bbox="879 898 1366 934">Advocate of the High Court of Kenya</p>
<div data-bbox="210 1290 625 1626" data-label="Image"> </div> <p data-bbox="210 1662 427 1695">Nicodemus Bore</p>	<p data-bbox="1018 1285 1225 1317"><b>Board member</b></p> <p data-bbox="847 1323 1398 1391">Master's in Business Administration, Bachelor Degree Business Administration.</p>

 <p>Daniel O. Onderi</p>	<p><b>Rep State Law Office</b></p> <p>LLM, LM, Advocate of the High Court of Kenya.</p>
 <p>Judith K. Miruka</p>	<p><b>Board Member</b> Bachelor in Education,  Profession - Teacher</p>
 <p>Hon David Ole Sankori</p>	<p><b>Board Member</b>  Profession - Teacher</p>
 <p>Jidraff Githendu</p>	<p><b>Board Member</b> Masters in Health System Management, Health Systems Management</p>



Stephen Muiruri

**The Ps Rep National Treasury**

Masters in Economics,

Bachelor in Economics,  
Profession - Economist



Dr. Mary Njoki Ndiba, MA, MSW, PhD

**Board Member**

Expert in Social Advocacy, Social research  
and Counselling  
University Lecturer



Micheal Maina Kamanda

**Board Member**

Human Resource Expert  
Former Board Member, Kenya Ports  
Authority



Joseph Too, MKIM

**Board Member**

MBA (Finance)  
B.Com. (Cost & Works Accounting)  
Lecturer, Accounting Manager



Mutuma Nkanata

**Executive Director/Secretary**

Masters degree, International Studies  
Bachelor of Education  
Expert in corporate Governance

## MANAGEMENT TEAM

Name	Area of Responsibility
 Mutuma Nkanata	<p style="text-align: center;"><b>Executive Director</b></p> <p style="text-align: center;">Masters degree, International Studies            Bachelor of Education            Expert in Corporate Governance</p>
 Andrew Ogombe	<p style="text-align: center;"><b>Deputy Executive Officer</b></p> <p style="text-align: center;">Masters Degree, Business Administration            CPA II</p>
 CPA David R. K Njane	<p style="text-align: center;"><b>Finance Manager</b></p> <p style="text-align: center;">Certified Public Accountant, CPA (K)</p>
 CPA Benard N. Bwoma	<p style="text-align: center;"><b>Audit and Risk Manager</b></p> <p style="text-align: center;">Master in Business Administration            Certified Public Accountant, CPA(K)</p>
 Joyce Yiaile	<p style="text-align: center;"><b>Human Resource &amp; Development Manager</b></p> <p style="text-align: center;">MBA-Strategic management &amp; Human Resource Management.</p> <p style="text-align: center;">BBA- Human Resource Management.</p> <p style="text-align: center;">Advance Dip – Human Resource Management</p>



Nixon Sekoh

**Corporate Affairs Manager**

Master's Degree – Rural Sociology and  
Community Development



Richard Chesos

**Public Relations Manager**

Bachelor of Education  
Postgraduate Diploma (Mass  
Communication)



Doris Muthini

**Procurement Manager**

Bachelor of Business Management  
(Purchasing & Supplies)  
Diploma – Purchasing & Supply  
CIPS



Jemimah Muraya

**Research and Policy Manager**

MSc. Social Statistics  
BSc. Applied Statistics



Lindon Nicolas

Legal Affairs Manager  
LLB

*Note: The Executive Director is the Secretary to the Board*

## **CHAIRMAN'S STATEMENT**

I am happy that the Board accomplished some key initiatives it set out to undertake in Financial Year 2019/2020, including efforts to provide a facilitative environment for all NGOs to operate and improving service delivery.

In the year under review, the Board set out to continue with its agenda on service delivery, engaging stakeholders with a view to improving our relations with them and providing a more facilitative environment for NGOs.

The Board's Strategic Plan 2020 developed with participation of our stakeholders provides the foundation for a more progressive regulatory regime for the public benefit organisations (PBOs) sector.

I am impressed with implementation of the Strategic Plan which focuses on improved regulatory, legislative and policy environment for PBOs, compliance, strengthening the Board's capacity, enhancing sustainability and capacity of PBOs, partnerships and the regulator's financial sustainability.

I wish to thank United Nations Development Programme (UNDP's) Amkeni Wakenya for supporting the development of the Strategic Plan and other Board initiatives.

Besides engaging our stakeholders at various regional forums, capacity building programmes and the media, the Board organised the NGOs Week 2020 to provide an opportunity for charitable organisations to showcase what they do and experiences.

I participated in the event graced by the Cabinet Secretary for Interior and Co-ordination of National Government, Dr Fred Matiang'i, and I was impressed with the attendance and level of engagement.

During the Week, we also launched the Annual NGO Sector Report 2018/2019 which details the contribution of the sector to the economy and opportunities for sector growth among others.

The improved compliance levels among NGOs with regard to filing of quality annual reports could be a product of these engagements with the sector.

Service provision was greatly improved, as most clients understood our service requirements as indicated in our service charter.

However, Covid-19 posed one of the greatest threats to service delivery at the Board, as our systems are largely manual. There were cases of delays in provision, especially in the last quarter of the year under review.

Consequently, Board revenues marginally dropped to Ksh 33.4 million compared to Ksh.35.5 million in FY 2018/2029.

**Non-Governmental Organizations Co-Ordination Board**  
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**For the year ended June 30, 2020**

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With regard to our role in fighting the pandemic, the Board facilitated and coordinated registered NGOs to support efforts aimed at defeating it. I am informed there were many NGO sector initiatives to fight the disease, including cases where the sector collaborated with the Government.

I wish to thank the Executive Director and his team for working tirelessly to ensure that our valued customers were served well even with the disruptions that came with Covid-19. I also thank our development partners for the support they gave us in the year.

**THANK YOU AND MAY GOD BLESS YOU.**

  
**Stephen Muiruri**  
*For: CHAIRMAN*

**REPORT OF THE EXECUTIVE DIRECTOR**

It gives me great pleasure to present the Board's Annual Report and Financial Statements for the Financial Year (FY) 2019/2020.

As the regulator of NGOs, the Board has put in place strategies to attain its mission to regulate, facilitate, develop capacity and provide policy advice to the Public Benefit Organisation (PBOs) sector.

The Board is keen to facilitate the PBO sector to be vibrant, efficient and sustainable in line with its vision.

The Board's Strategic Plan 2020-2022 provided the roadmap for facilitative regulatory environment for PBOs, compliance in various areas, building the Board's institutional capacity and enhancing its financial sustainability, enhancing PBO sustainability and capacity as partnerships and networking.

In an effort to transform service provision, we build the capacity of our staff and reviewed our service infrastructure to be responsive to the needs of our customers.

In FY 2019/2020, we encountered some challenges, including budgetary constraints and challenge posed by Covi-19 pandemic in provision of services.

The challenges we faced due to Covid-19 were amplified by the fact that nearly all our services are manual. We, however, managed to address some of the challenges satisfactorily and others to some extent.

With regard to budgetary constraints, we requested for additional Government funding and we are grateful our request was positively responded to.

We also approached our development partners to fund some of our programmes and I am grateful to the Royal Embassy of the Netherlands and the United Nations Development Programmes (UNDP) for their support.

However, some critical programmes, including expanding service provisions to the regions, were not fully achieved due to limited resources.

With regard to Covid-19, the Board coordinated PBOs to work together as well as partnering with the Government in the fight against the pandemic.

I note that NGOs spent hundreds of millions of shillings to purchase Personal Protective Equipment ((PPE) and treatment of the needy and vulnerable members of our society among other initiatives.

The Board has put in place plans to roll out an automation exercise to ensure services are not disrupted by Covid-19 like diseases and other disasters in the future.

In the year under review, the Board continued to roll out stakeholder engagement forums targeting PBOs. We held forums in Machakos, Meru and Nakuru and many capacity building workshops.

**Non-Governmental Organizations Co-Ordination Board**  
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**For the year ended June 30, 2020**

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In the engagement forums, PBOs were asked to align their programmes to the Government “Big Four” areas of food security, Universal Health Coverage (UHC), manufacturing and affordable housing.

The Board will in future work with partners to evaluate the impact of NGO work in the “Big Four” Government agenda.

The Board has started realising the gains from the engagements. For example, more NGOs are now filing their annual reports.

In FY 2019/2020, the Board’s revenue slightly dropped to Ksh33,431,825 compared to Ksh35,531,746 generated in FY 2018/2019. The drop could be attributed to the disruptions by Covid-19 in the last quarter.

The Board launched the Annual NGO Sector report 2018/2019 during the year. The reports indicate that the sector contributed Ksh 169.7 billion to the economy and employed more than 76,500 people.

Going forward, we shall focus on the implementation of the Board’s Strategic Plan and continue to coordinate efforts of PBOs in the fight against Covid-19.

We shall also strengthen our compliance and enforcement infrastructure, staff capacity building and resource mobilisation to support Board programmes.

I most sincerely thank all the Board’s stakeholders for their continued support to enable us deliver on our mandate. I wish to thank the Government for supporting us, the Board of Directors for providing policy guidance to us in management and our development partners for funding our initiatives. My appreciation goes to the staff and management of the Board for their immense contribution to the achievement of the Board’s objectives.

**THANK YOU AND MAY GOD BLESS YOU ALL.**



**Mutuma Nkanata**  
**EXECUTIVE DIRECTOR**

## **CORPORATE GOVERNANCE STATEMENT**

Since its operationalization in 1992, the NGOs Co-ordination Board is administered by a Board of Directors. The Board reports to the Cabinet Secretary, Ministry of Interior and Co-ordination of National Government.

### **Composition of the Board**

1. A Chairman appointed by the President
2. The Executive Director who is the Secretary to the Board and a non-voting member appointed by the Cabinet Secretary in charge of the NGO portfolio
3. Two members appointed by the Cabinet Secretary in charge of the NGOs Portfolio
4. Three members seconded by the National Council of NGOs
5. The Attorney General
6. The Permanent Secretary, Ministry of Foreign Affairs
7. The Permanent Secretary, National Treasury

### **Functions of the Board**

- a) To facilitate and co-ordinate the work of all national and international NGOs operating in/from Kenya.
- b) To maintain the register of national and international NGOs operating in/from Kenya, with the precise sectors, affiliations and locations of their activities.
- c) To receive and discuss the annual reports of NGOs.
- d) To advise the government on the activities of the NGOs and their role in national development within Kenya.
- e) To conduct a regular review of the register to determine the consistency of the reports submitted by the NGOs and the Council.
- f) To provide policy guidelines to the NGOs for harmonizing their activities to the National Development Plan for Kenya.
- g) To receive, discuss and approve the regular reports of the NGO Council and to advise on strategies for efficient planning and co-ordination of the activities of NGOs in Kenya
- h) To develop and publish a code of conduct for the regulation of NGOs and their activities in Kenya.
- i) To prescribe rules and procedures for the audit of the accounts of NGOs.

## **Code of Conduct**

The Board of Directors are obligated to follow the State Corporations and Civil Service Codes of Conduct and MWONGOZO which is a code of governance for state corporations.

## **Meetings**

The Boards meets quarterly. However, in extra ordinary circumstances, the Board may hold special meetings.

## **Operating Procedures**

As per the NGOs Act, the Board may form committees to facilitate its work. The Committees are:

1. Finance Committee
2. Human Resource and Administration Committee
3. Audit and Risk Committee
4. Operations and Compliance Committee

The day to day activities of the Board are undertaken by a Secretariat headed by the Executive Director. The Board has 70 members of staff stationed in Nairobi, Kisumu, Eldoret and Garissa offices.

The board held 11 meetings during the year. The board also held committee meetings as follows: Finance Committee (6), Human Resource and Administration Committee (14), Audit and Risk Committee (6), Operations and Compliance Committee (8), Work Permit Committee (7) and an Adhoc Committee.

The board's remuneration is as per SRA guidelines; sitting allowance Kshs 20,000, lunch allowance Kshs 2,000, daily subsistence allowance for those residing outside Nairobi Kshs 18,200, mileage allowance at Kshs 35 per kilometre. The chairman of the board is entitled monthly honorarium of Kshs 80,000 and airtime of Kshs 10,000 per month.

During the year, three independent board members underwent training on Mwongozo code of conduct for government employees that was conducted by the Institute of Certified Public Secretaries of Kenya (ICPSK).

## MANAGEMENT DISCUSSION AND ANALYSIS

The NGOs Coordination Board's total income for the period under review was Kshs. 424,125,847. This comprised of Government recurrent grant Kshs. 267,685,700, Kshs 114,267,667 from the Ministry of Interior and Co-ordination of National Government for settlement of pending bills and Appropriation in Aid (A.I.A) of Kshs 33,431,825.

The total expense for the period ended 30<sup>th</sup> June 2020 amounted to Kshs. **191,621,280**. This has been categorized as follows;

<b>Nature/category of Expense</b>	<b>Amount</b>
Employee costs	<b>126,338,944</b>
Board expenses	<b>5,454,530</b>
Depreciation and amortization expense	<b>2,025,309</b>
Repairs and maintenance	<b>721,942</b>
General expenses	<b>57,080,555</b>
<b>Total</b>	<b>191,621,280</b>

An amount of Kshs 118.8 Million for supplementary II was received after the balance sheet date. The same has been recognized as Income Receivable. There were no pending bills at the end of the financial year.

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

This Statement is about how NGOs Co-ordination Board takes account of its economic, social and environmental impact in the way it operates as an organization.

By demonstrating our commitment to Corporate Social Responsibility, we aim to align our organization values, purpose and strategy with the needs of our clients, whilst embedding such responsible and ethical principles into everything we do.

The elements of this statement cover our approach in dealing with our clients, suppliers and the local community principles in an effort to support reducing our energy, procurement, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

### **Environment**

Protection of the environment in which we live and operate is part of NGO Co-ordination Board values and principles and we consider it to be sound organization practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

This statement should also be read in conjunction with our Code of Regulations.

In this policy statement we commit our organization to:

- Complying with all relevant environmental legislation, regulations and approved codes of practice.
- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air and water.
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources.
- Managing and disposing of all waste in a responsible manner.
- Providing training for our staff so that we all work in accordance with this policy statement and within an environmentally aware culture.
- Regularly communicating our environmental performance to our employees and other significant stakeholders.
- Developing our management processes to ensure that environmental factors are considered during planning and implementation.
- Monitoring and continuously improving our environmental performance.

The nature of our work as a Board means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the services we provide and endeavour to

reduce our environmental impact to an absolute minimum. The Directors will ensure that the organization reduces the environmental impact on the organization by:

- Using such facilities as web-ex and conference call facilities.
- Using vehicles that are regularly serviced and checked with regards to their emission levels and economically use their fuel.
- Ensuring that all lights and equipment are switched off when not in use.
- Ensuring that water is used efficiently within the offices.
- Using scrap paper for drafts and notes.
- Printing in mono and double sided wherever possible.
- Recycling all waste (shredding all unwanted documentation).
- Not printing unnecessary emails.
- Working with like-minded suppliers who take steps to minimize their environmental impact.
- Encouraging NGOs during induction workshops to take steps to minimize their environmental impact.

### **Local and International Community**

The Directors will also ensure that our work with the local community involves:

- Working and facilitating national and international charities.
- Encouraging volunteer work in community activities.
- Undertaking voluntary business advisory services via professional bodies.

### **Clients**

The Directors will also ensure that we deal responsibly, openly and fairly with clients and potential clients by:

- Ensuring that all our advertising and documentation about the organization and its activities are clear, informative, legal, decent, honest and truthful.
- Being open and honest about our services and telling customers what they want to know, including what we do to be socially responsible.
- Ensuring that if something goes wrong we will acknowledge the problem and resolve it.
- We will listen to our clients so that this can help us improve the services we offer to them.
- Ensuring that we benchmark and evaluate what we do in order to constantly improve our services to our stake holders.

The Directors will also ensure that we deal responsibly, openly and fairly with suppliers by:

- Ensuring that we use youth, women and persons with disabilities as preferred suppliers as much as possible.
- Endeavouring to pay our suppliers on time.

The operational and ultimate responsibility for the commitment to our corporate social responsibility principles lies with the Directors of NGO Board. Every employee of NGO Co-ordination Board is expected to give their full co-operation to the above principles in their activities at work.

Consultants or visitors are also expected to apply our environmental principles.

The effectiveness of the Policy Statement will be monitored and reviewed at least annually by the Directors to ensure the organization continuing compliance with any relevant legislation and to meet new stakeholders' requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of employees as necessary.

## **REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the NGOs Co-ordination Board affairs.

### **Principal activities**

The principal activities of the NGOs Co-ordination Board include registering, regulating and facilitating the work of all national and international NGOs operating in/from Kenya.

### **Results**

The results of the NGOs Co-ordination Board for the year ended June 30, 2020 are set out on pages 1 to 5.

### **Directors**

The members of the Board of Directors who served during the year are shown on pages(v) to (vii). During the year no director retired/ resigned. The Chairman's Term ended in June 2020. The Board is still waiting for the appointment of a new Chairman.

### **Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The NGOs Co-ordination Board did not make any surplus during the year (FY 2019 Nil) and hence any remittance to the Consolidated Fund.

### **Auditors**

The Auditor General is responsible for the statutory audit of the NGOs Co-ordination Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11 of the State Corporations Act, require the Directors to prepare financial statements in respect of the NGOs Co-ordination Board, which give a true and fair view of the state of affairs of the NGOs Co-ordination Board at the end of the financial year and the operating results of the NGOs Co-ordination Board for that year. The Directors are also required to ensure that the NGOs Co-ordination Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the NGOs Co-ordination Board. The Directors are also responsible for safeguarding the assets of the NGOs Co-ordination Board.

The Directors are responsible for the preparation and presentation of the NGOs Co-ordination Board's financial statements, which give a true and fair view of the state of affairs of the NGOs Co-ordination Board for and as at the end of the financial year (period) ended on June 30, 2020. 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 NGOs Co-ordination Board; (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 NGOs Co-ordination Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the NGOs Co-ordination Board's financial statements, which have been prepared using appropriate accounting policies on a historical cost basis except for the measurements 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 the 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 NGOs coordination board'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 the note. The financial statements have been prepared in Kenya Shillings which is the functional and reporting currency of the NGOs co-ordination board. The statements have

**Non-Governmental Organizations Co-Ordination Board**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

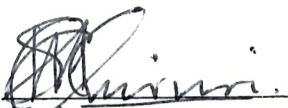
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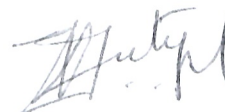
also been prepared in accordance with the PFM Act and the State Corporations Act. The accounting policies adopted have been consistently applied to all the years presented. The Directors are of the opinion that the NGOs Co-ordination Board's financial statements give a true and fair view of the state of NGOs Co-ordination Board's transactions during the financial year ended June 30, 2020 and of the NGOs Co-ordination Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the NGOs Co-ordination Board, which have been relied upon in the preparation of the NGOs Co-ordination Board'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 NGOs Co-ordination Board will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

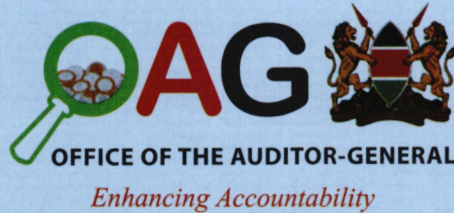
The NGOs Co-ordination Board's financial statements were approved by the Board on \_\_\_\_\_ September 2020 and signed on its behalf by:

  
for Chairman

  
Executive Director

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NON-GOVERNMENTAL ORGANIZATIONS (NGOs) CO-ORDINATION BOARD FOR THE YEAR ENDED 30 JUNE, 2020**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of the Non-Governmental Organizations Co-ordination Board set out on pages 1 to 38, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, and statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Non-Governmental Organizations Co-ordination Board as at 30 June, 2020, 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 Public Finance Management Act, 2012.

#### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Non-Governmental Organizations Co-ordination Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Directors**

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, management is responsible for assessing the Board's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial Board's reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**03 November, 2021**

**NGO COORDINATION BOARD**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30th JUNE 2020**

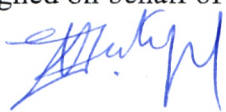
	Notes	2020 Kshs	2019 Kshs
6. Revenue			
(i) Revenue from exchange transactions			
Salary recovery		120,655	
Others (NGO week)*		8,620,000	-
(ii) Revenue from non-exchange transactions			
Grant transfers from the Government Recurrent		267,685,700	117496049
Grant from ministry to clear pending bills		114,267,667	
Internally generated revenue (AiA)		33,431,825	35531746
<b>Revenue from transactions</b>	<b>6</b>	<b>424,125,847</b>	<b>153,027,795</b>
		<hr/>	<hr/>
<b>Total revenue</b>		<b>424,125,847</b>	<b>153,027,795</b>
<b>Expenses</b>			
Employee costs	7	126,338,944	119,862,234
Board of Directors' expenses	8	5,454,530	10,952,650
Depreciation expense	9(i)	2,025,309	2,092,222
Repairs and maintenance	10	721,942	642,760
General expenses	11	57,080,555	76,132,261
<b>Total expenses</b>		<b>191,621,280</b>	<b>209,682,127</b>
Loss on Disposal of asset			
<b>Surplus before tax</b>		<b>232,504,567</b>	<b>(56,654,332)</b>
Taxation		-	-
<b>Surplus for the period</b>		<b>232,504,567</b>	<b>(56,654,332)</b>
		<hr/>	<hr/>
<b>Surplus attributable to owners of the controlling entity</b>		<b>232,504,567</b>	<b>(56,654,332)</b>

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4.

**NGO COORDINATION BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30th JUNE 2020**

	Notes	2020 Kshs	2019 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	13,464,269	1,042,335
Receivables from exchange transactions	13	119,334,236	3,652,923
Receivables from non-exchange transactions	14	1,087,474	566,538
Inventories	15	496,958	453,050
<b>Total current assets</b>		<b>134,382,936</b>	<b>5,714,846</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	8,744,993	9,272,120
<b>Total non current assets</b>		<b>8,744,993</b>	<b>9,272,120</b>
<b>Total assets</b>		<b>143,127,929</b>	<b>14,986,966</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	6,774,880	111,138,484
<b>Total current liabilities</b>		<b>6,774,880</b>	<b>111,138,484</b>
<b>Total liabilities</b>		<b>6,774,880</b>	<b>111,138,484</b>
<b>Net assets</b>		<b>136,353,049</b>	<b>(96,151,519)</b>
Reserves			
Accumulated surplus/ Deficit		136,353,049	(96,151,518)
Minority interest			
<b>Total net assets and liabilities</b>		<b>136,353,049</b>	<b>(96,151,518)</b>

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of Directors by;

Executive Director  Date: 01/03/2021

for Chairman of the Board  Date: 01/03/21

**NGO COORDINATION BOARD**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30th JUNE 2020**

	Reserves Kshs	Accumulated Surplus Kshs	Total Kshs
<b>Balance as at 1st July 2018</b>		(39,497,186)	(39,497,186)
Surplus for the period		(56,654,332)	(56,654,332)
<b>Balance as at 30 June 2019</b>		<b>(96,151,518)</b>	<b>(96,151,518)</b>
Surplus for the period		232,504,567	232,504,567
Prio year adjustments			
<b>Balance as at 30 June 2020</b>		<b>136,353,049</b>	<b>136,353,049</b>

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4.

**NGO COORDINATION BOARD**  
**STATEMENT OF CASH FLOWS**  
As at 30th JUNE 2020

	Notes	2020 Kshs	2019 Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants and subsidies	6	381,953,367	117,496,049
Other income, rentals and agency fees	6	33,431,825	35,531,746
Others	6	8,620,000	-
Miscellaneous income	6	120,655	-
		<b>424,125,847</b>	<b>153,027,795</b>
<b>Payments</b>			
Compensation of employees	7	126,338,944	91,161,339
Goods and services	8-11	45,532,543	43,126,990
Rent paid	11	19,749,793	19,818,896
Other payments	19	99,731,255	-
Grants and subsidies paid			-
		<b>291,352,535</b>	<b>154,107,225</b>
<b>Net cash flows from operating activities</b>		<b>132,773,312</b>	<b>(1,079,430)</b>
Cash flows from investing activities			
Purchase of property, plant, equipment procured not yet received		(1,572,348)	(176,439)
Proceeds from sale of property, plant and equipment		20,970	-
Decrease in non-current receivables		(118,800,000)	
<b>Increase in investments</b>			
Net cash flows used in investing activities		<b>(120,351,378)</b>	<b>(176,439)</b>
Net cash flows used in financing activities			
Net cash flows used in financing activities		(120,351,378)	(176,439)
Net increase/(decrease) in cash and cash equivalents		12,421,934	(1,079,430)
Cash and cash equivalents at 1 July	12	1,042,335	2,121,765
<b>Cash and cash equivalents at 30 June</b>	12	<b>13,464,269</b>	<b>1,042,335</b>

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4.

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL IN PERIOD END 30TH JUNE 2020**

	Original Budget	Adjustments	Final Budget	Actuals on comparable basis	Performance difference
	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs
<b>INCOME</b>					
Government grant	148,885,700	-	148,885,700	148,885,700	-
Appropriation in Aid	35,000,000	(1,568,175)	33,431,825	33,431,825	-
NGO week programme			8,620,000	8,620,000	
Ministry Grant to clear pending bills				114,267,667	
Misc income (salaries)			120,655	120,655	
<b>Total Income</b>	<b>183,885,700</b>	<b>(1,568,175)</b>	<b>191,058,180</b>	<b>305,325,847</b>	<b>-</b>
<b>EXPENDITURE</b>					
Basic salaries	74,000,000	-	74,000,000	72,467,136	1,532,864
Leave and passage	5,651,274	-	5,651,274	5,412,660	238,614
NSSF	171,800	-	171,800	160,800	11,000
Other allowances	2,880,000	-	2,880,000	2,133,483	746,517
Gratuity & Pension	12,400,000		12,400,000	12,687,683	(287,683)
House allowances	25,563,500	-	25,563,500	24,910,667	652,833
Transfer allowance	-	82,000	82,000	81,445	555
Luggage allowance	-	30,000	30,000	25,165	4,835
gratuity provision	2,002,600		2,002,600	2,002,600	-
comuter allowance	6,657,000	-	6,657,000	6,457,305	199,695
Board of Directors expenses	6,649,600		6,649,600	5,454,530	1,195,070
Bank charges	500,000	-	500,000	342,715	157,285
Internet connections	1,600,000	-	1,600,000	1,634,640	(34,640)
Professional services	3,600,000	-	3,600,000	3,606,129	(6,129)
Domestic travel & accomodation	600,000	2,300,000	2,900,000	2,737,687	162,313
Foreign travel & subsistence	-	273,950	273,950	273,950	-
Fuel, Oil	550,000		550,000	268,395	281,605
Motor vehicles maintenance	170,819	300,000	470,819	480,304	(9,485)
General Maintenance other assets	550,000	-	550,000	241,638	308,362
Insurance costs	16,500,000	1,150,000	17,650,000	17,473,949	176,052
Library expenses & magazines	380,000	-	380,000	146,348	233,652
hospitality	1,700,000	(280,000)	1,420,000	1,339,355	80,645
Postal services	180,000	-	180,000	162,069	17,931
Office general supplies	1,200,000	(290,000)	910,000	802,599	107,401
Publishing and advertising	480,000	-	480,000	-	480,000
Rent and rates	18,733,267	1,005,126	19,738,393	19,749,793	(11,400)
Telephone expenses	390,000	-	390,000	554,396	(164,396)
Training and workshop expenses	400,000	250,000	650,000	891,400	(241,400)
NGO week programmme*		8,620,000	8,620,000	6,626,130	1,993,870
COVID-19 expenses		100,000	100,000	96,000	4,000
KENAO Audit	375,840	-	375,840	375,000	840
Depreciation			2,027,073	2,025,309	1,764
<b>Total Expenditure</b>	<b>183,885,700</b>	<b>13,541,076</b>	<b>197,426,776</b>	<b>191,621,280</b>	<b>5,832,096</b>

**NOTE**

1 Telephone expenses-due to COVID\_19 pandemic the Board preferred to use telephone conversations instead of letters as such the fourth quarter expenditure exceeded the original allocation.

2 Training workshops expenses-in the fourth quarter instead of holding workshops in hotels the COVID\_19 pandemic forced the training to via zoom which charges by dollar rate .This affected the original allocation .

3 Gratuity and pension- the allocation was affected by annual increament

**Non-Governmental Organizations Co-Ordination Board**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

The NGOs Co-ordination Board is established by and derives its authority and accountability from The NGOs Co-ordination Act. It is wholly owned by the Government of Kenya and is domiciled in Kenya. Its principal activity is to register, co-ordinate and facilitate the work of all national and international NGOs operating in/from Kenya.

**2. 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 NGOs Co-ordination Board's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NGOs Co-ordination Board.

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

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.  The entity did not have any combinations and therefore the standard does not apply

**Non-Governmental Organizations Co-Ordination Board**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

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

**3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an NGOs Co-ordination Board's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an NGOs Co-ordination Board's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting NGOs Co-ordination Board provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the NGOs Co-ordination Board;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the NGOs Co-ordination Board's financial performance, financial position and cash flows.</p>

**iii. Early adoption of standards**

The NGOs Co-ordination Board did not adopt any new or amended standards in year 2019.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 NGOs Co-ordination Board 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

**ii) Revenue from exchange transactions**

The NGO Co-ordination Board did not have any revenue from exchange transactions.

**b) Budget information**

The original budget for FY 2018-2019 was approved by the National Assembly on 21/9/2018 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 NGOs Co-ordination Board upon receiving the respective approvals in order to conclude the final budget. Accordingly, the NGOs Co-ordination Board recorded additional appropriations of Kshs 35.5 million on the 2018-2019 budget following the governing body's approval.

The NGOs Co-ordination Board'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.

**Non-Governmental Organizations Co-Ordination Board  
Annual Reports and Financial Statements  
For the year ended June 30, 2020**

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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.

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

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

**b) Budget information (continued)**

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

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

**c) 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 NGOs Co-ordination Board 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

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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.

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

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

**c) Taxes (Continued)**

*Deferred tax (continued)*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable NGOs Co-ordination Board and the same taxation authority.

*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.

**d) 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.

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

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

**d) Investment property (continued)**

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.

**e) 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 NGOs Co-ordination Board 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.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the NGOs Co-ordination Board. 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 NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 NGOs Co-ordination Board. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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

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

**g) 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.

**h) Research and development costs**

The NGOs Co-ordination Board expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the NGOs Co-ordination Board 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.

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.

**i) 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 NGOs Co-ordination Board determines the classification of its financial assets at initial recognition.

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

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

**i) Financial instruments (continued)**

*Financial assets (continued)*

*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 NGOs Co-ordination Board 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 NGOs Co-ordination Board assesses at each reporting date whether there is objective evidence that a financial asset or an NGOs Co-ordination Board of financial assets is impaired. A financial asset or a NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 a NGOs Co-ordination Board 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 NGOs Co-ordination Board 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.

**i) 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

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- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

**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 NGOs Co-ordination Board.

**j) Provisions**

Provisions are recognized when the NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 NGOs Co-ordination Board 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)**

**k) Nature and purpose of reserves**

The NGOs Co-ordination Board does not have any reserves.

**l) Changes in accounting policies and estimates**

The NGOs Co-ordination Board 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) Employee benefits**

**Retirement benefit plans**

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

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

**n) 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.

**o) 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)**

**p) Related parties**

The NGOs Co-ordination Board 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 NGOs Co-ordination Board, or vice versa. Members of key management are regarded as related parties and comprise the directors and the Executive Director.

**q) Service concession arrangements**

The NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 NGOs Co-ordination Board 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**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.

**t) Subsequent events**

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, 2019.

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

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the NGOs Co-ordination Board'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 NGOs Co-ordination Board 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 NGOs Co-ordination Board. 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 NGOs Co-ordination Board
- 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

**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.

## XVI. NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

The NGOs Co-ordination Board is established by and derives its authority and accountability from the NGOs Co-ordination Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to register, co-ordinate and facilitate the work of all national and international NGOs operating in/from Kenya.

### 2. Statement of compliance and basis of preparation – IPSAS 1

The entity'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 entity and all values are rounded to the nearest thousand (Ksh 000). The accounting policies have been consistently applied to all the years presented.

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

### 3. Adoption of new and revised Standards

#### i) Relevant new Standards and amendments to Published standards effective for the year ended 30th June 2018.

Standard	Impact
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1st January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

#### ii. Early adoption of standards

Standard	Impact
<b>IPSAS 33:</b> First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. <i>The entity adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</i>
<b>IPSAS 34:</b> Separate Financial Statements	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. <i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</i>
<b>IPSAS 35:</b> Consolidated Financial Statements	<b>Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following: - Its power over the other entity. - Its exposure or rights to variable benefits from involvement with the other entity. - Its ability to control the nature, timing and amount of benefits from the other entity. Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35. <i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i>

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Standard	Impact
<p><b>IPSAS 36:</b> Investments in Associates and Joint Ventures</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest. <i>The entity does not have investments in associates or joint ventures and therefore the standard does not apply.</i></p>
<p><b>IPSAS 37:</b> Joint Arrangements</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. <i>The entity does not have an interest in a joint arrangement and therefore the standard does not apply.</i></p>
<p><b>IPSAS 38:</b> Disclosure of Interests in Other Entities</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. <i>The entity does not have an interests in other entities and therefore the standard does not apply.</i></p>

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions – IPSAS 23

###### **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.

##### ii) Revenue from exchange transactions – IPSAS 9

###### **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 yields method. The effective yield discounts estimated future cash receipts through the expected life of the financial assets to the assets' 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 shareholders' 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.

**b) Budget information – IPSAS 24**

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 entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation 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) 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 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. The annual rates used are motor vehicles 20%, Furniture & equipment 12.5 %, and computers 30%

**d) Leases – IPSAS 13**

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.

**e) 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.

**f) 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 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 a 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:

- The debtors or a 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.

**g) 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 Entity.

**h) 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.

**i) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. This is the movement resulting from the statement of financial performance.

**j) Changes in accounting policies and estimates – IPSAS 3**

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.

**k) Employee benefits**

***Retirement benefit plans***

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

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

**l) 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.

**m) 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.

**n) 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.

**o) Cash and cash equivalents**

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

**p) Comparative figures**

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

**5) SIGNIFICANT JUDGEMENTS 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.

***Estimates and assumptions***

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

***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:

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

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

***Subsequent events***

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, 2020.

	30/06/2020	30/06/2019
	Kshs	Kshs
<b>6. Revenue</b>		
<b>(i) Revenue from exchange transactions</b>		
Salary recovery	120,655	
Others (NGO week)*	8,620,000	-
<b>(ii) Revenue from non-exchange transactions</b>		
Grant transfers from the Government Reccurrent	148,885,700	117,496,049
Grant transfers from the Government Reccurrent-supplementary	118,800,000	
Grant from ministry to clear pending bills	114,267,667	
Internally generated revenue (AiA)	33,431,825	35,531,746
	<b>415,385,192</b>	<b>153,027,795</b>
<b>Total revenue</b>	<b>424,125,847</b>	<b>153,027,795</b>

\*NGO week is an event where NGOs show case their activities to the public. The NGO Board coordinates the event by charging the NGOs for the venue (space).

**7. Employee costs**

Employee related costs - salaries and wages	72,467,136	68,254,970
Employee related costs - contributions to pensions and NSSF	12,687,683	11,623,463
	160,800	171,800
Transfer and luggage allowances	106,610	447,223
Housing benefits and allowances	24,910,667	25,203,712
Other allowances	2,133,483	2,806,007
Leave allowances	5,412,660	4,651,274
Gratuity Executive Director	2,002,600	737,800
Commuter allowances	6,457,305	5,965,985
<b>Employee costs</b>	<b>126,338,944</b>	<b>119,862,234</b>

**8. Board of Directors' expenses**

Chairman's Honoraria	960,000	960,000
Directors allowances	2,100,000	9,992,650
Other allowances	2,394,530	
<b>Total Board Expenses</b>	<b>5,454,530</b>	<b>10,952,650</b>

**9 (i). Depreciation and amortization expense**

Furniture & Equipment	849,442	924,997
Motor vehicles	82,814	110,419
Computers	1,093,053	1,056,806
<b>Total depreciation charge for the year</b>	<b>2,025,309</b>	<b>2,092,222</b>

**9 (ii). Disposal of Equipment**

	Furn. & Equip	Computers	Total
Total Cost	174,303	1,627,720	1,802,023
Total Depreciation	(118,785)	(1,609,072)	(1,727,857)
Net Book Value	55,518	18,648	74,166
Cash Received	15,697	5,273	20,970

**10. Repairs and maintenance**

	30/06/2020	30/06/2019
	KShs	KShs
Investment property – earning rentals		
Equipment	241,638	524,875
Vehicles	480,304	117,885
<b>Total repairs and maintenance</b>	<b>721,942</b>	<b>642,760</b>

**11. General expenses**

The following are included in general expenses:

Bank charges	342,715	505,852
Computer and internet connections	1,634,640	2,015,013
Professional services	3,606,129	28,110,525
Domestic travel & accommodation	2,737,687	2,119,785
Foreign travel & subsistence	273,950	158,028
Fuel and oil	268,395	647,996
Insurance costs	17,473,949	16,136,665
Library expenses & magazines	146,348	372,023
Hospitality	1,339,355	2,074,156
Postal services	162,069	223,806
Office general supplies	802,599	1,111,483
Publishing and advertising	-	461,669
Rent and rates	19,749,793	19,818,896
Telephone expenses	554,396	386,204
Training and workshop expenses	891,400	1,614,320
Audit fee provision	375,000	375,840
NGO Week Project	6,626,130	-
COVID-19 kitty	96,000	-
<b>Total General expenses</b>	<b>57,080,555</b>	<b>76,132,261</b>

**12. Cash and cash equivalents**

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>KShs</b>	<b>KShs</b>
Bank- Chase bank	121,610	121,610
Coop bank - a/c 00	10,199,259	253,720
Coop bank - a/c 001	1,065,018	317,360
Coop bank - a/c 002	1,939,803	313,687
Cash-in-hand	138,578	35,958
Short-term deposits		
<b>Total cash and cash equivalents</b>	<b><u>13,464,269</u></b>	<b><u>1,042,335</u></b>

**13. Receivables from exchange transactions**

**Current receivables**

Prepaid insurance	-	3,118,687
grant receivable from the ministry	118,800,000	
Rent deposit	334,236	334,236
Fuel deposit	200,000	200,000
<b>Total receivables</b>	<b><u>119,334,236</u></b>	<b><u>3,652,923</u></b>

**14. Receivables from non-exchange contracts**

Property tax debtors		
salary recovery	168,917	
Salary advances	918,557	566,538
<b>Total current receivables</b>	<b><u>120,421,710</u></b>	<b><u>4,219,461</u></b>

**15. Inventories**

Consumable stores	496,958	453,050
<b>Total inventories at the lower of cost and net realizable value</b>	<b><u>496,958</u></b>	<b><u>453,050</u></b>

**16. Property, plant and equipment**

Cost	Motor vehicles	Furn.& Equip.	Computers	Total
	25%	12.5%	30%	
	Shs	Shs	Shs	Shs
<b>At 1st July 2018</b>	<b>5,748,879</b>	<b>19,683,906</b>	<b>20,727,672</b>	<b>46,160,457</b>
Additions	-	27,995	148,444	176,439
Disposals				
Transfer/adjustments(armotization )				
<b>At 30 June 2019</b>	<b>5,748,879</b>	<b>19,711,901</b>	<b>20,876,116</b>	<b>46,336,896</b>
<b>At 1 July 2019</b>	<b>5,748,879</b>	<b>19,711,901</b>	<b>20,876,116</b>	<b>46,336,896</b>
Additions		376,070	1,196,278	1,572,348
Disposals		(174,303)	(1,627,720)	(1,802,023)
<b>At 30 June 2020</b>	<b>5,748,879</b>	<b>19,913,668</b>	<b>20,444,674</b>	<b>46,107,221</b>
<b>Depreciation and impairment</b>				-
<b>At 1st July 2018</b>	<b>5,307,203</b>	<b>12,311,921</b>	<b>17,353,430</b>	<b>34,972,554</b>
Depreciation	110,419	924,997	1,056,806	2,092,222
Disposals				-
Impairment				-
<b>At 30 June 2019</b>	<b>5,417,622</b>	<b>13,236,919</b>	<b>18,410,236</b>	<b>37,064,776</b>
<b>At 1 July 2019</b>	<b>5,417,622</b>	<b>13,236,919</b>	<b>18,410,236</b>	<b>37,064,776</b>
Accumulated dep on Disposals	-	(118,785)	(1,609,072)	(1,727,857)
Depreciation charge	82,814	849,442	1,093,053	2,025,309
Impairment	-			-
Transfer/adjustment	-			-
<b>At 30 June 2020</b>	<b>5,500,436</b>	<b>13,967,575</b>	<b>17,894,217</b>	<b>37,362,228</b>
<b>Net book values</b>				
<b>At 30 June 2020</b>	<b>248,443</b>	<b>5,946,093</b>	<b>2,550,457</b>	<b>8,744,993</b>
<b>At 30 June 2019</b>	<b>331,257</b>	<b>6,474,982</b>	<b>2,465,880</b>	<b>9,272,120</b>
<b>At 30 June 2018</b>	<b>441,676</b>	<b>7,371,985</b>	<b>3,374,242</b>	<b>11,187,903</b>

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

	30/06/2020	30/06/2019
	Kshs	Kshs
Trade payables	-	7,248,926
Coop bank - A/c 02	-	-
Coop bank - A/c 00	-	-
Unremitted employer pension contributions	-	9,816,669
Unremitted PAYE	-	54,853,985
Gratuity provision	2,002,600	-
Legal liabilities	-	27,793,146
Other payables	4,772,280	11,425,758
<b>Total trade and other payables</b>	<b>6,774,880</b>	<b>111,138,484</b>

During the year ended 30th June 2019 the Board had accumulated payables of Ksh. 111,138,484. By December 2019 the cumulative payables had accumulated to Ksh. 114,267,667. The Board appealed to the Cabinet Secretary, Ministry of Interior and Coordination of National Government to be bailed out. The request was granted and the Ministry released Ksh. 114,267,667 out of which the Board cleared all its pending bills except the one amounting to Ksh. 4,772,280 as disclosed above under legal liabilities whose documentation is under scrutiny.

**18. Cash generated from operations**

<b>Surplus for the year before tax</b>	232,504,567	(56,654,332)
Adjusted for:		
Depreciation	2,025,309	2,092,222
Gains and losses on disposal of assets		
Capital grant amortization		
<b>Working capital adjustments:</b>		
Increase in inventory	(43,908)	(169,017)
Increase in receivables	116,202,249	6,234,292
Increase in deferred income		
Increase in payables	(104,363,604)	(47,417,404)
Increase in payments received in advance		
<b>Net cash flows from operating activities</b>	<b>246,324,612</b>	<b>(95,914,239)</b>

**19. Other Payments**

This represents cleared pending bills within the year

PENDING BILLS CLEARED	AMOUNT PAID
Legal Liability- JEMIMAH MURAYA	4755683
Legal liability - Andrew Ogombe	7093630
legal liability- Josephine ngatia	9995904
Legal fee - Otieno, Ojuro & Co Advocates	756000
Legal fee - Muma & Kajama Advocates	1100000
Legal fee - Muma & Kajama Advocates	240000
Legal fee - Nzamba kitonga & co Adv-KHRC	478888
State Department of Broadcasting and Telecomm	1232678
Pensions - Britam	9816669
PAYE - KRA	54853985
SACCO - HAZINA	9407818
Total Expense	<b>99,731,255</b>

## 20) FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

### *i) Credit risk*

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total Amount		Fully Performing		Past Due		Impaired	
	Kshs		Kshs		Kshs		Kshs	
<b>As at 30th June, 2020</b>								
Receivables from exchange transactions	119,334,236		119,334,236		-		-	
Receivables from non exchange transactions	918,557		918,557		-		-	
Bank Balances	13,464,269		13,464,269		-		-	
<b>Total</b>	<b>133,717,062</b>		<b>133,717,062</b>		<b>-</b>		<b>-</b>	
<b>As at 30th June, 2019</b>								
Receivables from exchange transactions	3,652,923		3,652,923		-		-	
Receivables from non exchange transactions	566,538		566,538		-		-	
Bank Balances	1,042,335		1,042,335		-		-	
<b>Total</b>	<b>5,261,796</b>		<b>5,261,796</b>		<b>-</b>		<b>-</b>	

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

## ii) Liquidity risk management

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

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

	Less than 1 month	Between 1 - 3 months	Over 5 Months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>				
Trade Payables	-	-	4,772,280	4,772,280
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,772,280</b>	<b>4,772,280</b>
<b>At 30 June 2019</b>				
Trade Payables	-	-	101,321,815	101,321,815
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	9,816,669	9,816,669
<b>Total</b>	<b>-</b>	<b>-</b>	<b>111,138,484</b>	<b>111,138,484</b>
<b>At 30 June 2018</b>				
Trade Payables	-	-	52,191,086	52,191,086
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	11,529,994	11,529,994
<b>Total</b>	<b>-</b>	<b>-</b>	<b>63,721,080</b>	<b>63,721,080</b>

## 21) Related party balances

### *Nature of related party relationships*

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the NGO Coordination Board, holding 100% of the NGO Coordination Board's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The Ministry of Interior and Co-ordination of National Government
- ii) Board of Directors

**Transactions with related parties**

	30/06/2020	30/06/2019
	KShs	KShs
<b>Grants from the National government</b>		
Ministry of Interior and coordination of national government	381,953,367	117,496,049
	<u>381,953,367</u>	<u>117,496,049</u>
<b>Key management compensation</b>		
Directors' emoluments	5,454,530	10,952,650
	<u>5,454,530</u>	<u>10,952,650</u>

**22) Contingent assets and Contingent liabilities**

**Contingent liabilities**

Court cases	0	0
	<u>0</u>	<u>0</u>

The Board has a number of cases in court as a defendant against its clients; NGOs and civil society groups. However, the cases are unlikely to result in any cash liabilities on the Board.

**23) Events after the reporting period**

The NGO Board received a supplementary budget of Kshs 118,800,000 as a result of successful bidding for Supplementary II for FY 2019/2020. However, the funds were disbursed after the June 30, 2020.

**24) Ultimate holding entity**

The NGO Coordination Board is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Interior and Coordination of National Government. Its ultimate parent is the Government of Kenya.

**25) Currency**

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

APPENDIX I

<b>Transfers from Ministries, Departments and Agencies</b>					
<b>Name of the Entity sending the Grant</b>	<b>Amount recognized to Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund.</b>	<b>Total grant income during the year</b>	<b>2018-2019</b>
			<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Ministry of Interior and Coordination Of National Government	263,153,367	-	-	263,153,367	117,496,049
Grants - supplementary II	118,800,000	-	-	118,800,000	-
<b>Total</b>	<b>381,953,367</b>	<b>-</b>	<b>-</b>	<b>381,953,367</b>	<b>117,496,049</b>



*[Faint, illegible handwritten text]*