REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY GOVERNMENT OF KISUMU BURSARY FUND

FOR THE YEAR ENDED 30 JUNE 2015

COUNTY GOVERNMENT OF KISUMU BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE, 30TH 2015

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

TABLE OF CONTENTS

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Bursary Fund is established by and derives its authority and accountability from 2014 Act. The Fund is wholly owned by the County Government of Kisumu and is domiciled in Kenya.

The fund's objective is to recognise and support bright needy students in the county.

The Fund's principal activity is support education to needy students

b) Principal Activities

- To grand bursary and scholarship to eligible students .

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	George Ananga	Chairman
2	Samuel Okuro	Fund Administrator
3	Cephas Kasera	Committee member
4	Lucy Matengo	Committee member
5	Lilian Oneya	Committee member
6	Emmanuel Opetu	Accountant
7.	Philip Waswani	Co-opted Member

d) Key Management

Ref	Name	Position
1	George Ananga	Chairman
2	Samuel Okuro	Fund Administrator
3	Lucy Matengo	Committee member
4	Cephas Kasera	Committee member

e) **Registered Offices**

P.O. Box 2837
PROSPERITY HOUSE KISUMU Building
KENYA

f) **Fund Contacts**

Telephone:
E-mail:
Website: www.xxx.go.ke

g) **Fund Bankers**

1. Kenya Commercial Bank
...
...A/C NO 1151900184
...KISUMU BRANCH

h) **Independent Auditors**

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

i) **Principal Legal Adviser**

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

2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)

Name	Details of qualifications and experience
1. Insert each Trustee's passport-size photo and name	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable.
2. Trustee 2	
3. Trustee 3	
4. Trustee 4	
5. Etc.	

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. Insert each key Manager's passport-size photo and name,	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience. Also, indicate the main area of responsibility – without details
2. Manager 2	
3. Manager 3	
4. Manager 4	
5. Etc.	
Note: *The Fund Administrator will feature under both the 'Board' and 'Management'.*	

4. BOARD/FUND CHAIRPERSON'S REPORT

Min of education accounts office is mandated to prepare an annual report on education fund and submit the same to the county assembly not later than three months after the end of each quarter in accordance with sec 166(4) of the public finance management ACT 2012 . it is upon this report has been sent to the relevant statutory bodies as provided for f0r in PFM act .The report presents budget execution status covering the period 1st July 2014 to 30th June 2015 . it contains revenue transfers from the exchequer also included in the report are the annual budgeted revenue and the accumulative revenue and expenditure for 2014/2015 as at 30th June 2015 .
A detailed analysis of the revenue heads and their major classification together with a detailed analysis of payments has been included for better understanding of the consolidated figure contained here in . it is my hope and believe that you will find this annual report a useful tool for your respective management decisions and policy .
During the year ended 30th June 2015 the department received funding from the exchequer to the tune of **ksh 100,852,000.00**

Signed: _____-

5. REPORT OF THE FUND ADMINISTRATOR

PREAMBLE

This Fund was established vide ACT 2014 of Kisumu County Assembly. The Fund, which has been in operation since 2014, is provided for by Kisumu County Education Fund (Amendment) Act, 2014.

Management of the Fund

The Fund is managed by a committee of nine (9) constituted in accordance with section 5 of Kisumu County Education Fund Act, 2014.

Challenges Experienced

a) Late disbursement of the awards due to delayed remittances to the Fund.

b) Occasional conflicts between some Ward Administrators and some MCAs with regard to the operationalization of the Fund.

c) Late disbursement of the awards due to delayed remittances to the Fund.

d) Occasional conflicts between some Ward Administrators and some MCAs with regard to the operationalization of the Fund.

6. CORPORATE GOVERNANCE STATEMENT

Two-to-three pages

(Under this section, include the number of Board meetings held and the attendance to those meetings by members, succession plan, existence of a board charter, process of appointment and removal of trustees, roles and functions of the Board, induction and training, board and member performance, conflict of interest, board remuneration, ethics and conduct as well as governance audit.)

7. MANAGEMENT DISCUSSION AND ANALYSIS

PREAMBLE

This Fund was established vide ACT 2014 of Kisumu County Assembly. The Fund, which has been in operation since 2-14, is provided for by Kisumu County Education Fund Act, 2014.

Management of the Fund

The Fund is managed by a committee of nine (9) constituted in accordance with section 5 of Kisumu County Education Fund Act, 2014.

Review of the Fund's performance

For the FY 2014/2015, the Fund had a budget estimate of Ksh 000 million. However, a total of **Ksh. 100,852,000** million was received.

Expenditure

1. Scholarship Awards totalling to **Ksh. 24,974,821/=**.
2. Ward Bursary considered in this year's budget **Kshs. 41,624,702.00/=**.
3. Governor's Bursary Awards (based on requests through the Governor) **Ksh. 13,943,796/=**.
4. Vocational Training Centres amount is Ksh. **10,000,000.00**
5. Administrative costs Ksh. **3,025,560.00**
6. Bank Balance as at 30th June, 2015 amounting **kshs. 14,430,280.65/=**

Future Outlook of the Fund

We are preparing bills that will enable this Fund address core devolved functions of education covering Pre-school Educat1ion and Vocational Training. This will call for some amendment on the existing Act and the creation of other Fund by means of which the Act is operationalized.

In the meantime we hope to;-

1. Support students to join VTCs for market driven skills acquisition.
2. Register more artisans in the informal sector with NITA for certification.
3. Address middle level skills gaps and train for market uptake.

4. Carry out intense monitoring and mentorship for the beneficiaries to ensure return on investment.

5. Source for more funds to meet the rising demand for bursaries and scholarships as specified in the Act 2014.

6. Review the Act to make it more responsive to the unique and emerging demand of Kisumu County.

Conclusion

The Fund plays a key role in achieving socio- economic equality as is evidenced by the many applicants and the deserving cases that take it up. It has vindicated the County Government's commitment and responsiveness to educational needs of its youth. The Fund should therefore be maintained, sustained, improved and monitored to ensure return on investment.

The Fund Administrator should sign the Fund Administrator report.

for SAMUEL OKURO

C.O EDUCATION.

Two- three pages

(Under this section, the management gives a report on the operational and financial performance of the Fund/Board during the period, entity's key projects or investments decision implemented or on going, Fund's compliance with statutory requirements, major risks facing the Fund, material arrears in statutory and other financial obligations, and any other information considered relevant to the users of the financial statements.)

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible.)

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Two-to-three pages

(The Fund gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation conserves the environment, promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives).

Where no CSR activities are undertaken during the year, there is no need to include the statement).

9. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are *(continue to be)* ....

Results

The results of the Fund for the year ended June 30, 2015 are set out on page ....

Trustees

The members of the Board of Trustees who served during the year are shown on page xxx (*refer to the key entity information and management page*). The changes in the Board during the financial year are as shown below:

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2015, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th June 2015 and signed on its behalf by:

Administrator of the County Education Fund
(chief officer for Education Gender and ICT)

11. REPORT OF THE INDEPENDENT AUDITOR

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF COUNTY GOVERNMENT OF KISUMU BURSARY FUND FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Government of Kisumu Bursary Fund set out on pages 16 to 46, which comprise the Statement of Financial Position as at 30 June 2015, and the Statement of Financial Performance, Statement of changes in Net Assets and statement of Cash Flows 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis of Adverse Opinion

1.0 Inaccuracies, Presentation and Completeness of the Financial Statements

2.0 Cash and Cash Equivalent

Included in the statement of financial position as at 30 June 2015 is cash and cash equivalents balances of Kshs.14,430,280. However, bank reconciliation statements and cash book as at 30 June 2015 were not availed for audit verification. Consequently, the accuracy and validity of the cash and cash equivalents balance of Kshs.14,430,280 could not be confirmed.

3.0 Statement of Comparison of Budget and Actual Amounts

Included in the statement of comparison of budget and actual amounts for the year ended 30 June 2015 is actual revenue and expenditure of Kshs.100,852,000 and Kshs.93,715,635 respectively. However, no budget figures were posted on the statement of comparison of budget and actual amounts. The management also did not provide the approved budget to confirm bursary allocation during the period under review. In the circumstances, the accuracy and validity of the balances reported under the statement of comparison of budget and actual amounts for the year ended 30 June 2015 could not be confirmed.

4.0 Unsupported Funds Administration Expenses

Included in statement of performance for the year ended 30 June 2015 is fund administration expenses of Kshs.3,025,560. However, supporting documents including ledger and payment vouchers were not availed for audit. In the circumstances, it was not possible to confirm the propriety of the expenditure of Kshs.3,025,560 could not be confirmed.

5.0 General Expenses

Included in statement of performance for the year ended 30 June 2015 is general expenses of Kshs.90.543,319 which includes bursary awarded as per management discussion and analysis under preamble. From the analysis we noted that students received scholarship, ward bursary, Governors bursary award and vocational training centres of Kshs.24,974,821, Kshs.41,624,702, Kshs.13,943,796 and Kshs.10,000,000 respectively. However, supporting documents including the approved list of students for

bursary awards were not availed for audit. In the circumstances, it was not possible to confirm the propriety of the expenditure of Kshs.90,543,319 could not be confirmed.

6.0 Double Posting of Cheque Payment

A review of bank statement revealed that a cheque No. 3658 was posted twice on 29 May 2015 and 02 June 2015. In the circumstances, Kshs.237,000 might have been lost and no explanation was given for the double entry.

7.0 Late Submission of the Financial Statement

Sec 167 of PFM Act 2012 and Sec 47(1) of the Public Audit Act 2015 requires that Administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board and not later than three months after the end of each financial year, the administrator of a county public fund shall submit the financial statements prepared under this section to the Auditor General. However, County Government of Kisumu Bursary Fund submitted their financial statement on 10 April 2019 after the deadline of 30 September 2015. The County Government of Kisumu Bursary Fund was therefore in breach of the law.

My Opinion is not qualified in respect of these matter.

FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

23 August 2019

12. FINANCIAL STATEMENTS

12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2015

	Note	FY2014/2015	FY2013/2014
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	100,852,000	45,010,000
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
		-	-
Total revenue		-	-
Expenses			
Fund administration expenses	6	3,025,560.00	1,350,300.00
General expenses	8	90,543,319.00	36,356,959.00
Finance costs	9	146,756.35	8,825.00
Total expenses		**93,715,635.65**	**37,716,084.00**
Surplus/(deficit) for the period		**7,136,346.35**	**7,293,916.00**

The notes set out on pages 36 to 46 form an integral part of these Financial Statements

12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	FY2014/2015	FY2013/2014
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	14,430,280.65	-
Current portion of long term receivables from exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		-	-
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	-	-
		-	-
Total assets		**14,430,280.65**	-
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
		-	-
Non-current liabilities		-	-
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
		-	-
Total liabilities		-	-
		-	-
Net assets		-	-
Revolving Fund		-	-
Reserves		-	-
Accumulated surplus		-	-
Total net assets and liabilities		**14,430,280.65**	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th June, 2015 and signed by:

FUND ADMINISTRATOR
Name: SAMUEL OKURO

Fund Accountant
Name: MAURICE AKUMU
ICPAK Member Number:

12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2015

	Disbursed Fund	Received fund	Accumulated surplus	Total
		KShs	KShs	KSh
Balance as at 1 July 2014	-	-	-	-
Surplus/(deficit) for the period	-	-	7,293,916.00	7,293,916.00
Funds received during the year		45,100,000.00		45,100,000.00
Revaluation gain		-	-	-
Balance as at 30 June 2015		**45,100,000.00**	**7,293,916.00**	**52,393,916.00**
Balance as at 1 July 2015	-	**45,100,000.00**	**7,293,916.00**	**52,393,916.00**
Surplus/(deficit) for the period	-	-	7,136,346.35	7,136,346.35
Funds received during the year		100,852,000.00		100,852,000.00
Balance as at 30 June 2015	**52,393,916.00**	**100,852,000.00**	**7,136,346.35**	**160,382,262.35**

12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	FY2014/2015	FY2013/2014
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	100,852,000.00	45,010,000.00
Interest received		-	-
Receipts from other operating activities		-	-
Total Receipts		**100,852,000.00**	**45,010,000.00**
Payments			
Fund administration expenses	6	3,025,560.00	1,350,300.00
General expenses	8	90,543,319.00	36,356,959
Finance cost	9	146,756.35	8,825.00
Total Payments		**93,715,635.65**	**37,716,084.00**
Net cash flows from operating activities		**7,136,364.65**	**7,293,916.00**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		**-**	**-**
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**7,136,364.65**	**7,293,916.00**
Cash and cash equivalents at 1 JULY	11	**7,293,916.00**	-
Cash and cash equivalents at 30 JUNE	11	**14,430,280.65**	**7,293,916.00**

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2015

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2015	2015	2015	2015	2015	2015
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	-	-	-	100,852,000.00	100,852,000.00	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	
Total income	-	-	-	100,852,000.00	100,852,000.00	-
Expenses						
Fund administration expenses	-	-	-	3,025,560.00	3,025,560.00	-
General expenses/BURSARY/	-	-	-	90,543,319.00	90,543,319.00	-
Finance cost	-	-	-	146,756.35	146,756.35	-
Total expenditure	-	-	-	93,715,635.65	93,715,635.65	-
Surplus for the period	-	-	-	7,136,364.65	7,136,364.65	-

Budget notes

1. *Most cheques done by end of financial year had not been presented that's why the balance in the bank statement reflects bank balance of* ***ksh 14,430,280.65***

12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2014

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	**Applicable: 1st January 2015** 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.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2015

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	**Applicable: 1st January 2016:** 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 which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2015.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) **Revenue from exchange transactions**

Interest income

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

4. Budget information

The original budget for FY 2014/2015 was approved by the County Assembly on 5th may 2015. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of N/A on the 2014-2015 budgets following the governing body's approval.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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.

9. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. Changes in accounting policies and estimates

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

12. Employee benefits – Retirement benefit plans

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

13. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. Related parties

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

16. 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.

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act *(state the legislation establishing the Fund)* under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

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

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

Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial 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:

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

Provisions

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund 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 KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2015				
Receivables from exchange transactions	000	000	000	000
Receivables from non exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	**000**	**000**	**000**	**000**
At 30 June 2015				
Receivables from exchange transactions	000	000	000	000
Receivables from non exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	**000**	**000**	**000**	**000**

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from 000

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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
At 30 June 2015				
Trade payables	000	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	**000**	**000**	**000**	**000**
At 30 June 2014				
Trade payables	000	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	**000**	**000**	**000**	**000**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2015			
Financial assets (investments, cash ,debtors)	000	000	000
Liabilities			
Trade and other payables	000	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)	**000**	**000**	**000**

The Fund manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	KShs	KShs	KShs
2015			
Euro	10%	000	000
USD	10%	000	000
2014			
Euro	10%	000	000
USD	10%	000	000

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2014: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2014 – KShs xxx)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2015		2014
	KShs		KShs
Revaluation reserve	000		000
Revolving fund	000		000
Accumulated surplus	000		000
Total funds	**000**		**000**
Total borrowings	000		000
Less: cash and bank balances	(000)		(000)
Net debt/(excess cash and cash equivalents)	000		000
Gearing	0%		0%

12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Donation from development partners	000	000
Contributions from the public	000	000
Total	**000**	**000**

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Transfers from County Govt. – operations	100,852,000.00	45,010,000.00
Payments by County on behalf of the entity	-	-
Total	**100,852,000.00**	**45,010,000.00**

3. Fines, penalties and other levies

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Late payment penalties	000	000
Fines	000	000
Total	**000**	**000**

(Provide brief explanation for this revenue)

4. Interest income

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Interest income from loans(mortgage or car loans	000	000
Total interest income	**000**	**000**

(Provide brief explanation for this revenue)

5. **Other income**

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Insurance recoveries	000	000
Income from sale of tender documents	000	000
Miscellaneous income		
Total other income	**000**	**000**

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

6. **Fund administration expenses**

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Fund administration expenses	3,025,560.00	1,350,300.00
Total	**3,025,560.00**	**1,350,300.00**

7. **Staff costs**

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Salaries and wages	000	000
Staff gratuity	000	000
Staff training expenses	000	000
Social security contribution	000	000
Other staff costs	000	000
Total	**000**	**000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Scholarship Awards	24,974,821.00	25,449,871.30
Ward bursary	41,624,702.00	-
Governor's Bursary Awards	13,943,796.00	10,907,087.70
Vocational Training Centres Bursary	10,000,000.00	-
Postage	-	-
Printing and stationery		
Rental costs		
Security costs		
Telecommunication		
Hospitality		
Total	**90,543,319.00**	**36,356,959.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Bank Charges	146,756.35	8,825.00
Total	**146,756.35**	**8,825.00**

10. Gain on disposal of assets

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Property, plant and equipment	000	000
Intangible assets	000	000
Total	**000**	**000**

11. Cash and cash equivalents

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	14,430,280.65	7,293,916.00
Others	-	-
Total cash and cash equivalents	**14,430,280.65**	**7,293,916.00**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	FY2014/2015 KShs	FY2013/2014 KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank	1151900184	14,430,280.65	7,293,916.00
Bank B		-	-
Sub- total		**14,430,280.65**	**7,293,916.00**
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		**14,430,280.65**	**7,293,916.00**

12. Receivables from exchange transactions

Description	FY2014/2015 KShs	FY2013/2014 KShs
Current Receivables		
Interest receivable	000	000
Current loan repayments due	000	000
Other exchange debtors	000	000
Less: impairment allowance	(000)	(000)
Total Current receivables		
Non Current receivables		

Long term loan repayments due	000	000
Total Non current receivables	**000**	**000**
Total receivables from exchange transactions	**000**	**000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Prepaid rent	000	000
Prepaid insurance	000	000
Prepaid electricity costs	(000)	(000)
Total	**000**	**000**

14. Inventories

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Consumable stores	000	000
Spare parts and meters	000	000
Catering	000	000
Total inventories at the lower of cost and net realizable value	**000**	**000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2012	**000**	**000**	000	000	000
Additions	000	000	000	000	000
Disposals	(000)	(000)	000	000	(000)
Transfers/adjustments	000	(000)	000	(000)	(000)
At 30th June 2013	**000**	**000**	**000**	**000**	**000**
At 1st July 2013					
Additions	000	000	000	000	000
Disposals	(000)	000	000	000	(000)
Transfer/adjustments	(000)	000	000	(000)	(000)
At 30th June 2014	**000**	**000**	**000**	**000**	**000**
Depreciation and impairment					
At 1st July 2012	(000)	(000)	(000)	(000)	(000)
Depreciation	(000)	(000)	(000)	(000)	(000)
Impairment	(000)	(000)	000	000	(000)
At 30th June 2013	**000**	**000**	**000**	**000**	**000**
At 1st July 2013					
Depreciation	(000)	(000)	(000)	000	(000)
Disposals	000	000	000	000	000
Impairment	(000)	(000)	000	000	(000)
Transfer/adjustment	000	(000)	(000)	000	000
At 30th June 2014	**000**	**000**	**000**	**000**	**000**
Net book values					
At 30th June 2013	**000**	**000**	**000**	**000**	**000**
At 30th June 2014	**000**	**000**	**000**	**000**	**000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Cost		
At beginning of the year	000	000
Additions	000	000
At end of the year	**000**	**000**
Amortization and impairment		
At beginning of the year	000	000
Amortization	000	000
At end of the year	000	000
Impairment loss	000	000
At end of the year	**000**	**000**
NBV	**000**	**000**

17. Trade and other payables from exchange transactions

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Trade payables	000	000
Refundable deposits	000	000
Accrued expenses	000	000
Other payables	000	000
Total trade and other payables	**000**	**000**

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	000	000	000	000
Additional Provisions	000	000	000	000
Provision utilised	000	000	000	000
Change due to discount and time value for money	000	000	000	000
Transfers from non -current provisions	000	000	000	000
Total provisions	**000**	**000**	**000**	**000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Balance at beginning of the period	**000**	**000**
External borrowings during the year	000	000
Domestic borrowings during the year	000	000
Repayments of external borrowings during the period	000	000
Repayments of domestics borrowings during the period	000	000
Balance at end of the period	**000**	**000**

The table below shows the classification of borrowings into external and domestic borrowings:

	FY2014/2015	FY2013/2014
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	000	000
Sterling Pound denominated loan from 'yyy organisation'	000	000
Euro denominated loan from zzz organisation'	000	000
Domestic Borrowings		
Kenya Shilling loan from KCB	000	000
Kenya Shilling loan from Barclays Bank	000	000
Kenya Shilling loan from Consolidated Bank	000	000
Borrowings from other government institutions	000	000
Total balance at end of the year	**00**	**000**

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

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Short term borrowings(current portion)	000	000
Long term borrowings	000	000
Total	**000**	**000**

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	000	000	000	000
Non-current benefit obligation	000	000	000	000
Total employee benefits obligation	000	000	000	000

21. Cash generated from operations

	FY2014/2015	FY2013/2014
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	000	000
Gains/ losses on disposal of assets	000	000
Interest income	000	000
Finance cost	000	000
Working Capital adjustments		
Increase in inventory	000	000
Increase in receivables	000	000
Increase in payables	000	000
Net cash flow from operating activities	**000**	**000**

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

22. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund 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. The fund/scheme is related to the following entities:

a) The County Government;
b) The Parent County Government Ministry;
c) Key management;
d) Board of Trustees; etc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY2014/2015		FY2013/2014
	KShs		KShs
Transfers from related parties'	000		000
Transfers to related parties	000		000

c) Key management remuneration

	FY2014/2015		FY2013/2014
	KShs		KShs
Board of Trustees	000		000
Key Management Compensation	000		000
Total	**000**		**000**

d) Due from related parties

	FY2014/2015		FY2013/2014
	KShs		KShs
Due from parent Ministry	000		000
Due from County Government	000		000
Total	**000**		**000**

e) Due to related parties

	FY2014/2015		FY2013/2014
	KShs		KShs
Due to parent Ministry	000		000
Due to County Government	000		000
Due to Key management personnel	000		000
Total	**000**		**000**

23. Contingent assets and contingent liabilities

Contingent liabilities	FY2014/2015		FY2013/2014
	KShs		KShs
Court case xxx against the Fund	000		000
Bank guarantees	000		000
Total	**000**		**000**

(Give details)

13. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*

Guidance Notes:

a) Use the same reference numbers as contained in the external audit report;

b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.