***Issued 30th September 2024***





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**XXX CONSTITUENCY**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED**

**30th JUNE 20XX**

**Transitional IPSAS Financial Statements /Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)**

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# Acronyms and Definition of Key Terms

1. **Acronyms**

AIE Authority to Incur Expenditure

AC Audit Committee

DCC Deputy County Commissioner

IPSAS International Public Sector Accounting Standards.

FAM Fund Account Manager

NG-CDFB National Government Constituencies Development Fund Board

NG-CDF National Government Constituencies Development Fund

NG-CDFC National Government Constituency Development Fund Committee

NSCA National Sub-County Accountant

PFM Public Finance Management

PMCs Project Management Committees

PWD Persons with Disability

FY Financial Year

1. **Definition of Key Terms**

**Fiduciary Management**- Members of Management directly entrusted with the responsibility of financial resources of the entity.

**Comparative Year**- Means the prior period.

*(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)*

# Key Constituency Information and Management

1. **Background information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 (amended 2023). The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At the cabinet level, NG-CDFis represented by the Cabinet Secretary for the Treasury, who is responsible for the Fund's general policy and strategic direction.

**Mandate**

The mandate of the Fund as derived from sec (3) of the NG-CDF Act, 2015, is to:

1. Recognize the constituency as a platform for the identification, performance, and implementation of national government functions.
2. Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6 (3) of the Constitution;
3. Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
4. Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and protection of the marginalized pursuant to Article 10(2)(b) of the Constitution;
5. Provide for the sustainable development of all parts of the Republic pursuant to Article 10(2)(d) of the Constitution;
6. Provide a legislative and policy framework pursuant to Article 21(2) of the Constitution for the progressive realisation of the economic and social rights guaranteed under Article 43 of the Constitution;
7. Provide mechanisms for the National Assembly to exercise oversight over the performance of exclusive national government functions at the constituency level as provided for under Article 95 of the Constitution;
8. Authorize withdrawal of money from the Consolidated Fund as provided under Article 206(2)(c) of the Constitution;
9. Provide mechanisms for supplementing infrastructure development at the constituency level in matters falling within the exclusive functions of the national government at that level in accordance with the Constitution;
10. Provide a framework for citizens-led development to assist the national government in planning and prioritizing the use of its resources;
11. Create a harmonious relationship between citizens and the national government and its officers in local development;
12. Provide a platform for citizens’ participation in service delivery;
13. Build local accountability and transparency in the use of resources; and
14. Provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201(b)(iii) of the Constitution.

**Vision**

Equitable Socio-economic development countrywide.

**Mission**

To provide leadership and policy direction for effective and efficient management of the Fund.

**Core Values**

1. Transparency and Accountability
2. Professionalism and Integrity
3. Commitment and Teamwork
4. Neutrality and Objectivity
5. Timeliness and Excellence
6. Advocacy for Citizen Participation

**Functions of NG-CDF Committee**

The functions of the NG-CDF Committee are outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

1. **Key Management**

The NGCDF XXX Constituency’s day-to-day management is under the following key organs:

1. National Government Constituencies Development Fund Board (NGCDFB)
2. National Government Constituency Development Fund Committee (NGCDFC)

**Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 20XX and who had direct fiduciary responsibility were:

| No | Designation | Name |
| --- | --- | --- |
| 1. | AIE holder | Name of FAM |
| 2. | National Sub-County Accountant | Name of NSCA |
| 3. | Chairman NGCDFC | Name of Chair |
| 4. | Member NGCDFC | Name of alternate signatory (operations bank account) |
| 5. | Member NG CDFC | Name of signatory (deposit bank account) |

1. **Fiduciary Oversight Arrangements**

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF XXX Constituency. The reports and recommendations of the Audit Committee, when adopted by the NGCDF Board, are forwarded to the Constituency Committee for action. The Board forwards any matters that require policy guidance to the Cabinet Secretary and National Assembly Select Committee.

1. **NGCDF XXX Constituency Headquarters**

XXX Building/House/Plaza

XXX Avenue/Road/Highway

XXX (Indicate town) KENYA.

1. **NGCDF XXX Constituency Contacts**

P.O. Box XXXXX

Telephone: (254) XXXXXXXX

E-mail: XXXXXXXX.go.ke

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

1. **NGCDF XXX Constituency Bankers**
2. Bank A. (Operations Account). *Specify the constituency account banker details*.

Branch

P.O. Box xxx

1. Bank B. (Deposit account). *Specify the constituency account banker details*.

Branch

P.O. Box xxx

*(List all the banks where the fund has accounts)*

1. **Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# NGCDF Committee

(provide details for all the NG CDFC members in the format below)

|  |  |
| --- | --- |
| **Name** | **Details** |
| *Insert each member’s passport-size photo and name.*        Chairman | *Provide a concise description of each member’s date of birth, key academic and professional qualifications, and work experience.* |
| Member 2 |  |
| Member 3 |  |
| Member 4 |  |
| Fund Account Manager |  |

# 

# NG-CDFC Chairman’s Report

***(One to two pages)***

*Include, among others, the following:*

* + *Passport-size photo and name of the chairman*
  + *Mention in summary the budget performance against actual amounts for the current year based on sectors (under this section, include graphs, pie charts, figures, and tables)*
  + *List emerging issues related to the entity,*
  + *Achievements of the entity*
  + *List the implementation challenges and recommended way forward. (Ensure you include what the entity is doing to overcome the challenges noted).*

**……………………………………..**

**Name**

**Chairman NGCDF Committee**

# Statement Of Performance Against Predetermined Objectives for FY20XX/XX

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer, when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity’s performance against predetermined objectives.

The key development objectives of the ***NGCDF*** ***XXX Constituency*** *20X1-20X5* plan are to:

***(Enumerate the key objectives of the constituency as per the Strategic Plan)***

**Progress on the attainment of Strategic development objectives**

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. Below, we provide the progress on attaining the stated objectives:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sector** | **Objective** | **Outcome** | **Indicator** | **Performance** |
| Education | *To have all children of school going age attending school* | *Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions* | *number of usable physical infrastructure build in primary, secondary, and tertiary institutions*  *number of bursary’s beneficiaries at all levels* | *In FY 20xx/xx -we increased number of classrooms/ dormitories/laboratories etc from … to… in the following schools/institutions*  *- Bursary beneficiaries at all levels were as per the attached schedules* |
| Security |  |  |  |  |
| Climate change mitigation activities |  |  |  |  |
| Emergency |  |  |  |  |
| Others (Specify) |  |  |  |  |

# Governance Statement

**(**Two to three pages)

(*Under this section, include: the process of appointment, tenure, and removal of NGCDFC Members, roles and functions of the NGCDFC, date of gazettement of each member, induction and training of Members, Number of meetings held (tabulate the details), disclose the policy on conflict of interest, Members remuneration rates, Succession plan, ethics and conduct, risk management, etc.)*

*NB: The details above should be presented according to the guiding laws and contextualized to the specific constituency.*

# Management Discussion and Analysis

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

*(Under this section, the management gives a report on the operational and financial performance of the Fund for the past five (5) years, the Fund’s key projects implemented or ongoing, the Fund’s compliance with statutory requirements, major risks facing the Fund, material arrears in statutory and other financial obligations, review of the economy, review of the sector, future developments and any other information considered relevant to the users of the financial statements.)*

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

**……………………………………..**

**Name**

**Fund Account Manager**

# Environmental and Sustainability Reporting

*Include an Introductory paragraph on the organization's main mandate and its strategy for sustainability. Sustainability is the ability to maintain or continue offering services to the country's citizens over the long term.*

*(Customise the literature below as per your constituency)*

1. **Sustainability strategy and profile -**

To ensure the sustainability of XXXX Constituency, the committee funds the following key sectors with the following sustainable priorities.

* 1. **Education and Training**: XXXX Constituency’s focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers, thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups, including girls and people living with disabilities.
  2. **Security Sector Support:** Among its key pillars, NGCDF has security as a priority area with the intention to provide a better working environment for the security providers within the constituency as well as a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for law enforcement agencies while collaborating with the community in trust on matters of security.
  3. **Climate change mitigation:** The Constituency acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget to climate change mitigation activities such as afforestation, reafforestation, grassroots sensitization, and tree seedling production.

1. **Environmental performance**

* *Outline clearly, the environmental policy guiding the constituency, and provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy, and efforts to reduce the environmental impact of the constituency’s activities.*
* *Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities, e.g., planting trees once in an academic calendar.*
* *Sensitization of youth/ community on the impact of drug abuse.*
* *Report on security activities, e.g., construction of police stations supported by NG-CDF*

1. **Employee welfare**

We invest in providing the best working environment for our employees. XXX constituency recruitment is guided by Employment Act, NGCDF Act, and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one-third gender rule and special groups. We also Recognize and appreciate our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance coverage through a reliable insurance Scheme. Employees are encouraged and supported to build on their skills and knowledge continually. xxx constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

The committee has a safety policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA) and has ensured the work environment is conducive to everybody's movement and accessibility within the office, including PWDs. The Constituency has also put in place disaster-mitigating measures, including fire extinguishers and accessible escape routes in case of emergency.

1. **Marketplace practices-**

XXX Constituency is committed to fair and ethical market practices.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency to lift them economically. Our ethical market practices ensure the fund gets value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers, which are enhanced through organized sensitization forums on the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

1. Responsible competition practice by encouraging fair competition and zero tolerance to corruption.
2. Good business practices, including cordial Supply chain and supplier relations, by honouring contracts and respecting payment practices.
3. Responsible marketing and advertisement
4. Product stewardship by safeguarding consumer rights and interests.
5. **Community Engagements**-

XXX Constituency has endeavored to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through community projects.

**Public Participation in Project Identification, Implementation, and Monitoring**

XXX Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long-term, was submitted to the NG CDF Board in accordance with the Act.

**Public participation** is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

The NG-CDFC engaged the community through community leaders during the bursary program to identify the needy students to be awarded the bursary.

**Public Awareness**

This includes mechanisms for participation and cooperation with local, regional, and national agencies, as well as for conducting community‐based needs assessments, public awareness campaigns, and community meetings.

XXX Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.

**………………………………**

**Name**

**Fund Account Manager.**

# Statement Of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-XXXX Constituency is responsible for the preparation and presentation of the entity’s financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; 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; Safeguarding the assets of the entity; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-XXXX Constituency accepts responsibility for the entity’s financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 20XX, and of the entity’s financial position as at that date. The Accounting Officer charge of the NGCDF- XXXX Constituency further confirms the completeness of the accounting records maintained for the *constituency,* which have been relied upon in the preparation of the entity’s financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF XXXX Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity’s funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the *constituency*’s financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

In preparing the financial statements, the Committee has assessed the Fund’s ability to continue as a going concern and disclosed as applicable*.* Nothing has come to the attention of the Committee 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 NGCDF- XXXX Constituency financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_\_\_\_\_\_\_\_ 20XX.

|  |  |
| --- | --- |
| **……………………………………….** | **…………………………………** |
| **Name:** | **Name:** |
| **Chairman – NGCDF Committee** | **Fund Account Manager** |

# 

# Report Of the Independent Auditor on the NGCDF- xxx Constituency

# Statement of Financial Performance for the Year Ended 30th June 20XX

|  |  |  |
| --- | --- | --- |
|  | **Note** | ***Insert Current FY*** |
|  |  | **Kshs** |
| **Revenue** **from** **non-exchange** **transactions** |  |  |
| Transfers from the NGCDF Board | 6 | xxx |
|  |  |  |
| **Revenue** **from** **exchange** **transactions** |  |  |
| Finance income | 7 | xxx |
| Miscellaneous income | 8 | xxx |
| **Total revenue** |  | **xxx** |
| **Expenses** |  |  |
| Employee costs | 9 | xxx |
| Committee expenses | 10 | xxx |
| Use of Goods and Services | 11 | xxx |
| Other Government Units Certified Works | 12 | xxx |
| Other Grants and Transfers | 13 | xxx |
| Depreciation and amortization expense | 14 | xxx |
| Digital Hubs Expenses | 15 | xxx |
| **Total expenses** |  | **xxx** |
| **Other** **gains/(losses)** |  |  |
| Gain/Loss on Sale of Assets | 16 | **xxx** |
| Impairment loss | 17 | **(xxx)** |
| **Surplus/(Deficit) for the year** |  | **xxx** |

The Constituency financial statements were approved by the NGCDFC on \_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |  |
| --- | --- | --- |
| **Chairman NG-CDF Committee** | **National Sub-County Accountant** | **Fund Account Manager** |
| **Name:** | **Name:** | **Name:** |
|  | **ICPAK M/No:** |  |
|  |  |  |

*( paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial postion asat the time of adoption of the accrual basis of accounting. In preparing these financial reporting template, this election has been made and therefore there are no comparatives in the first year of transition.)*

# Statement Of Financial Position As At 30th June, 20XX

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | ***Insert Current FY*** | ***Opening Statement 1st July 20XX*** |
|  |  | **Kshs** | **Kshs** |
| **Assets** |  |  |  |
| **Current Assets** |  |  |  |
| Cash And Cash Equivalents | 18 | xxx | xxx |
| Receivables from Exchange Transactions | 19 | xxx | xxx |
| Receivables from Non-Exchange Transactions | 20 | xxx | xxx |
| Prepayments | 21 | xxx | xxx |
| **Total Current Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current** **Assets** |  |  |  |
| Property, Plant and Equipment | 22 | xxx | xxx |
| Intangible Assets | 23 | xxx | xxx |
| Right-of-use assets | 24 | xxx | xxx |
| **Total Non- Current Assets** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Total Assets (A)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| **Current Liabilities** |  |  |  |
| Trade and Other Payables | 25 | xxx | xxx |
| Third Party Deposits | 26 | xxx | xxx |
| Lease Liabilities | 27 | xxx | xxx |
| Employee Benefit Obligation | 28 | xxx | xxx |
| **Total Current Liabilities** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Non-Current Liabilities** |  |  |  |
| Lease Liabilities | 27 | xxx | xxx |
| **Total Liabilities (B)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Net** **Assets (A-B)** |  | **xxx** | **xxx** |
| **Represented by:** |  |  |  |
| Reserves |  | xxx | xxx |
| Accumulated Surplus |  | xxx | xxx |
| **Total Net Assets** |  | **xxx** | **xxx** |
| **Total Net Assets and Liabilities** |  | **xxx** | **xxx** |

The Constituency financial statements set out on pages xxx to xxx approved by NG CDFC on \_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |  |
| --- | --- | --- |
| **Chairman NG-CDF Committee** | **National Sub-County Accountant** | **Fund Account Manager** |
| **Name:** | **Name:** | **Name:** |
|  | **ICPAK M/No:** |  |
|  |  |  |

# Statement of Changes in Net Assets for the year ended 30 June 20xx

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Reserves** | **Accumulated**  **surplus/Deficit** | **Total** |
| **Kshs** | **Kshs** | **Kshs** |
| **As at July 1, 20xx** | xxx | xxx | xxx |
|  |  |  |  |
| Surplus/(Deficit) For the Period | - | xxx | xxx |
| Revaluation Gain/Loss | xxx/(xxx) | - | xxx/(xxx) |
| **As at June 30, 20xx** | **xxx** | **xxx** | **xxx** |

Note:

1. For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.

2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.

# Statement Of Cash Flows for The Year Ended 30th June 20XX

|  |  |  |
| --- | --- | --- |
|  | **Notes** | ***Insert Current FY*** |
|  |  | **Kshs** |
| **Cash** **flows** **from** **operating** **activities** |  |  |
| **Receipts** |  |  |
| Transfers from the NGCDF Board |  | xxx |
| Finance income |  | xxx |
| Miscellaneous income |  | xxx |
| **Total Receipts** |  | **xxx** |
|  |  |  |
| **Payments** |  |  |
| Employee costs |  | xxx |
| Committee expenses |  | xxx |
| Use of Goods and Services |  | xxx |
| Other Government Units Certified Works |  | xxx |
| Other Grants and Transfers |  | xxx |
| Digital Hubs Expenses |  | xxx |
| **Total Payments** |  | **xxx** |
| **Net Cash Flows from/ (used in) Operating Activities** | 29 | **xxx** |
|  |  |  |
| **Cash flows From Investing Activities** |  |  |
| Purchase of PPE |  | (xxx) |
| Purchase of Intangible assets |  | (xxx) |
| Proceeds From Sale of PPE |  | xxx |
| **Net Cash Flows from Investing Activities** |  | **xxx** |
| **Net** **increase/(decrease)** **in** **cash** &  **Cash equivalents** |  | xxx |
|  |  |  |
| **Cash Flows from Financing Activities** |  |  |
| Return to main account (Unutilized PMC funds) |  | (xxx) |
| Lease Payment |  | (xxx) |
| **Net Cash Flows from Financing Activities** |  | **xxx** |
| Cash and cash equivalents at 1 July | 18 | **xxx** |
| **Cash and cash equivalents at 30 June** | 18 | **xxx** |

*(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)*

# Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 20xx

|  | **Original Budget** | **Adjustments** | | **Final Budget** | **Actual on**  **comparable basis** | **Budget utilization**  **difference** | **% of Utilization** |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Kshs** | **Kshs** | | **Kshs** | **Kshs** | **Kshs** |  |
|  | **a** | **b** | | **C=(a+b)** | **d** | **e=(c-d)** | **f=d/c\*100** |
|  | ***Insert current FY*** | **Opening Balance (C/Bk) and AIA** | **Previous**  **Years’**  **Outstanding**  **disbursements** | ***Insert current FY*** | ***Insert current FY*** |  |  | |
|  |  |  |  |  |  |  |  | |
| **Revenue** |  |  |  |  |  |  |  | |
| Transfers From the NGCDF Board |  |  |  |  |  |  |  | |
| Finance income |  |  |  |  |  |  |  | |
| Miscellaneous income |  |  |  |  |  |  |  | |
| **Totals** |  |  |  |  |  |  |  | |
| **Expenses** |  |  |  |  |  |  |  | |
| Employee costs |  |  |  |  |  |  |  | |
| Committee expenses |  |  |  |  |  |  |  | |
| Use of Goods and Services |  |  |  |  |  |  |  | |
| Other Government Units Certified Works |  |  |  |  |  |  |  | |
| Other Grants and Transfers |  |  |  |  |  |  |  | |
| Digital Hubs Expenses |  |  |  |  |  |  |  | |
| Funds Pending Approval\*\* |  |  |  |  |  |  |  | |
| **Total Expenditure** |  |  |  |  |  |  |  | |
| **Surplus for the period** |  |  |  |  |  |  |  | |

*\*\*Funds pending approval are sums not yet approved by the board for utilization and include approved allocations and/or AIA not yet allocated for specific projects.*

***Explanatory Notes****.*

*[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]*

|  |  |
| --- | --- |
| **Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities** | |
| **Description** | **Amount** |
| Budget utilisation difference totals | xx |
| Less undisbursed funds receivable from the Board as at 30th June 20XX | (xx) |
|  | xxx |
| Increase/(decrease) Accounts payable | xx |
| (Decrease)/Increase Accounts Receivable | (xx) |
| Add/Less Prior Year Adjustments | xx |
| Cash and Cash Equivalents at the end of the 30th June 20XX | **xxx** |

# 

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on \_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |  |
| --- | --- | --- |
| **Fund Account Manager** | **National Sub-County Accountant** | **Chairman NG-CDF Committee** |
| **Name:** | **Name:** | **Name:** |
|  | **ICPAK M/No:** |  |

# Budget Execution by Sectors And Projects For The Year Ended 30th June 20XX

| **Programme/Sub-programme** | **Original Budget** | **Adjustments** | | **Final Budget** | **Actual on**  **comparable basis** | **Budget utilization**  **difference** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Opening Balance (C/Bk) and AIA** | **Previous**  **Years’**  **Outstanding**  **Disbursements** |  |  |  |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **1.0 Administration and Recurrent** |  |  |  |  |  |  |
| *(Itemize as per the code list)* |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **2.0 Monitoring and evaluation** |  |  |  |  |  |  |
| *(Itemize as per the code list)* |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| 1. **Emergency** |  |  |  |  |  |  |
| 3.1 Primary Schools |  |  |  |  |  |  |
| 3.2 Secondary schools |  |  |  |  |  |  |
| 3.3 Tertiary institutions |  |  |  |  |  |  |
| 3.4 Security projects |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **4.0 Bursary and Social Security** |  |  |  |  |  |  |
| 4.1 Primary Schools |  |  |  |  |  |  |
| 4.2 Secondary Schools |  |  |  |  |  |  |
| 4.3 Tertiary Institutions |  |  |  |  |  |  |
| 4.4 Universities |  |  |  |  |  |  |
| 4.5 Social Security |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **5.0 Climate Change Mitigation** |  |  |  |  |  |  |
| 5.1 |  |  |  |  |  |  |
| 5.2 |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **6.0 Primary Schools Projects**  **(List all the Projects)** |  |  |  |  |  |  |
| 6.1 |  |  |  |  |  |  |
| 6.2 |  |  |  |  |  |  |
| 6.3 |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **7.0 Secondary Schools Projects (List all the Projects)** |  |  |  |  |  |  |
| 7.1 |  |  |  |  |  |  |
| 7.2 |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **8.0 Tertiary institutions Projects (List all the Projects)** |  |  |  |  |  |  |
| 8.1 |  |  |  |  |  |  |
| 8.2 |  |  |  |  |  |  |
| 8.3 |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **9.0 Security Projects** |  |  |  |  |  |  |
| 9.1 |  |  |  |  |  |  |
| 9.2 |  |  |  |  |  |  |
| 9.3 |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **10.0 Acquisition of assets** |  |  |  |  |  |  |
| 10.1 Motor Vehicles (including motorbikes) |  |  |  |  |  |  |
| 10.2 Construction of CDF office |  |  |  |  |  |  |
| 10.3 Purchase of furniture and equipment |  |  |  |  |  |  |
| 10.4 Purchase of computers |  |  |  |  |  |  |
| 10.5 Purchase of land |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **11.0 Digital Hubs** |  |  |  |  |  |  |
| *(Itemize as per the code list)* |  |  |  |  |  |  |
| **Sub total** |  |  |  |  |  |  |
| **12.0 Others** |  |  |  |  |  |  |
| 12.1 Strategic Plan |  |  |  |  |  |  |
| 12.2 |  |  |  |  |  |  |
| **Sub total** |  |  |  |  |  |  |
| **13.0 Funds pending approval\*\*** |  |  |  |  |  |  |
| 13.1 Unapproved projects |  |  |  |  |  |  |
| 13.2 AIA |  |  |  |  |  |  |
| 13.3 |  |  |  |  |  |  |
| **Sub-total** |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |

*(NB: This statement is a disclosure statement indicating the utilization in the same format as the entity’s budgets which are program-based. This statement totals should tie to the totals of the* Statement of Comparison of Budget and Actual Amounts*)*

# Notes to the Financial Statements

1. **General information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF xxx Constituency principal activity is xxxx.

1. **Statement of Compliance and Basis of Preparation**

**Statement of compliance**

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

Guiding note during the transition period:

*The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore, these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).*

These financial statements were authorized for issue by the accounting officer on xxxx

**Basis of Preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. These financial statements have been prepared on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The accounting policies adopted have been consistently applied to all the years presented.

**Reporting period**

The reporting period for these financial statements is for the period ended xxxx.

1. **Adoption of New and Revised Standards**
2. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.***

|  |  |
| --- | --- |
| **Standard** | **Effective date and impact:** |
| IPSAS 43:  Leases | ***Applicable 1st January 2025***  The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.  The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.  ***State the expected impact of the standard to the Entity if relevant*** |
| IPSAS 44:  Non- Current Assets Held for Sale and Discontinued Operations | ***Applicable 1st January 2025***  The Standard requires,  Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:  Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.  ***State the expected impact of the standard to the Entity if relevant*** |
| IPSAS 45: Property Plant and Equipment | ***Applicable 1st January 2025***  The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.  ***State the expected impact of the standard to the Entity if relevant*** |
| IPSAS 46:  Measurement | ***Applicable 1st January 2025***  The objective of this standard was to improve measurement guidance across IPSAS by:   1. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. 2. Clarifying transaction costs guidance to enhance consistency across IPSAS. 3. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.   The standard also introduces a public sector specific measurement bases called the current operational value.  ***State the expected impact of the standard to the Entity if relevant*** |
| IPSAS 47:  Revenue | ***Applicable 1st January 2026***  This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.  ***State the expected impact of the standard to the Entity if relevant*** |
| IPSAS 48: Transfer Expenses | ***Applicable 1st January 2026***  The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.  ***State the expected impact of the standard to the Entity if relevant*** |
| IPSAS 49: Retirement Benefit Plans | ***Applicable 1st January 2026***  The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.  ***State the expected impact of the standard to the Entity if relevant*** |

1. **Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption, and impact on the entity’s financial statements.)*

1. **Summary of Significant Accounting Policies**
2. **Revenue recognition**
3. **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 *Fund* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance upon fulfilling the conditions set. . Recurrent grants are recognized in the statement of performance Development/capital grants are recognized in the statement of performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

Revenue shall be recognized after allocations have been approved by the NG-CDF Board.

1. **Revenue from exchange transactions**

**Sale of goods**

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

**Interest income**

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

**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.

1. **Budget information**

The original budget was approved by Parliament on xx June 20xx for the period 1st July 20XX to 30th June 20XX as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

A comparison of the actual performance against the final budget for the financial year under review has been included in the financial statements.

The financial statements are prepared on an 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 cashflows has been presented under section 15 of these financial statements.

1. **Property, plant and equipment**

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

1. **Right of use asset**

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

1. **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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

1. **Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company’s financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1. **Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity’s management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss (‘ECL’) associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*

1. **Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

1. **Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

1. Raw materials: purchase cost using the weighted average cost method.
2. 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.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity.*

1. **Provisions**

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

1. **Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

1. **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.

1. **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.

1. **Employee benefits**

**Retirement benefit plans**

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

1. **Foreign currency transactions**

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

1. **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.

1. **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

1. **Comparatives**

In preparing these financial statements, the entity has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first time adoption of the accrual basis of accounting

1. **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, 20xx

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

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

**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 value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

1. **Transfers from the NGCDF Board**

|  |  |
| --- | --- |
| **Description** | ***Insert current FY*** |
|  | **Kshs** |
| NGCDFB Transfers (Allocation for the FY) | xxx |
| **Total** | **xxx** |

1. **Finance income**

|  |  |
| --- | --- |
| **Description** | ***Insert Current FY*** |
|  | K**shs** |
| Interest Income on Bank Deposits | xxx |
| **Total** | **xxx** |

*(Provide a brief explanation for this revenue)*

1. **Miscellaneous income**

|  |  |
| --- | --- |
|  | ***Insert current FY*** |
|  | **Kshs** |
| Rental Income | xxx |
| Income from sale of tenders | xxx |
| Hire of plant/equipment/facilities | xxx |
| Other Income Not Classified Elsewhere *(specify)* | xxx |
| **Total** | **xxx** |

1. **Employees cost**

|  |  |
| --- | --- |
|  | ***Insert current FY*** |
|  | **Kshs** |
| NG-CDFC Basic staff salaries | xxx |
| Personal allowances paid as part of salary | xxx |
| House Allowance | xxx |
| Transport Allowance | xxx |
| Leave allowance | xxx |
| Gratuity to contractual employees | xxx |
| Employer Contributions Compulsory national social security schemes | xxx |
| Employer Contributions Compulsory Housing levy | xxx |
| Employer contributions to National Industrial Training Authority | xxx |
| Other Specify | xxx |
| **Total** | **xxx** |

1. **Committee Expenses**

|  |  |
| --- | --- |
|  | ***Insert current FY*** |
|  | **Kshs** |
| Sitting allowance | xxx |
| Other Committee expenses | xxx |
| **Total** | **xxx** |

1. **Use of Goods and services**

|  |  |
| --- | --- |
|  | ***Insert current FY*** |
|  | **Kshs** |
| Utilities, supplies and services | xxx |
| Communication, supplies and services | xxx |
| Domestic travel and subsistence | xxx |
| Printing, advertising and information supplies & services | xxx |
| Office Rent | xxx |
| Training expenses | xxx |
| Hospitality supplies and services | xxx |
| Insurance costs | xxx |
| Specialized materials and services | xxx |
| Office and general supplies and services | xxx |
| Fuel, oil & lubricants | xxx |
| Bank charges | xxx |
| Routine maintenance – vehicles and other transport equipment | xxx |
| Routine maintenance – other assets | xxx |
| Strategic plan expenses | xxx |
| Other operating expenses | xxx |
| **Total** | **xxx** |

1. **Other Government Units Certified Works**

|  |  |
| --- | --- |
| **Description** | ***Insert current FY*** |
|  | **Kshs** |
| Primary Schools Certified Works | xxx |
| Secondary Schools Certified Works | xxx |
| Tertiary Institutions Certified Works | xxx |
| **Total** | **xxx** |

1. **Other Grants and transfers**

|  |  |
| --- | --- |
|  | ***Insert current FY*** |
|  | **Kshs** |
| Bursary – secondary schools | xxx |
| Bursary – tertiary institutions | xxx |
| Bursary – special schools | xxx |
| Bursary - Education Support programmes | xxx |
| Social Security programmes (SHIF) | xxx |
| Security projects | xxx |
| Climate change mitigation projects | xxx |
| Emergency projects | xxx |
| Roads projects | xxx |
| Others specify | xxx |
| **Total** | **xxx** |

1. **Depreciation and Amortization Expenses**

|  |  |
| --- | --- |
| Description | ***Insert Current FY*** |
|  | **Kshs** |
| Property Plant and Equipment | xxx |
| Intangible Assets | xxx |
| **Total** | **xxx** |

1. **Digital Hubs Expenses**

|  |  |
| --- | --- |
| Description | ***Insert current FY*** |
|  | **Kshs** |
| Construction/ renovation/Certified Works | xxx |
| Digital Hub utility costs Water, Electricity, | xxx |
| Maintenance of ICT equipment | xxx |
| Maintenance of building | xxx |
| Others *(specify)* | xxx |
| **Total** | **xxx** |

1. **Gain/loss on Sale of Assets**

|  |  |
| --- | --- |
| **Description** | ***Insert Current FY*** |
|  | **Kshs** |
| Property, Plant and Equipment | xxx |
| Intangible Assets | xxx |
| Total Gain/loss on Sale of Assets | **xxx** |

*(Provide brief explanation on gains on sale of fixed assets*)

1. **Impairment Loss**

|  |  |
| --- | --- |
| **Description** | ***Insert Current FY*** |
| **Kshs** |
| Property, Plant and Equipment | xxx |
| Intangible Assets | xxx |
| **Total** **Impairment** **Loss** | **xxx** |

*(Provide brief explanation on assets impairment loss*)

1. **Cash and Cash Equivalents**

|  |  |  |
| --- | --- | --- |
| **Name Of Bank and Account No.** | ***Insert current FY*** | ***Opening Statement***  ***1st July 20XX*** |
|  | **Kshs** | **Kshs** |
| **Bank Accounts (Cash Book Bank Balance)** |  |  |
| *Name Of Bank, Account No. (Operations account)* | xxx | xxx |
| *Operations account pending closure (Indicate name & account no.)* | xxx | xxx |
| *Name of Bank, account No. (Deposit account)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |
|  |  |  |
| **Cash Balances** |  |  |
| Location 1 | xxx | xxx |
| Location 2 | xxx | xxx |
| Other Locations (*Specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |
| *[Provide Cash Count Certificates for Each]* |  |  |

1. **Receivables from Exchange Transactions**

|  |  |  |
| --- | --- | --- |
| **Description** | ***Insert Current FY*** | ***Opening Statement***  ***1st July 20XX*** |
|  | **Kshs** | **Kshs** |
| **Total receivables** |  |  |
| Other exchange debtors (*Specify*) | xxx | xxx |
| Less: impairment allowance | (xxx) | (xxx) |
| **Total** **receivables** | **xxx** | **xxx** |
| 1. Current receivables | xxx | xxx |
| 1. Non-current receivables | xxx | xxx |
| **Total Receivables (a+b)** | **xxx** | **xxx** |

1. **Ageing Analysis for Receivables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | ***Opening Statement***  ***1st July 20XX*** | |
| **Kshs** | | **Kshs** | |
|  | **Current FY** | **% of the total** | **Opening Balance** | **% of the total** |
| Less than 1 year | xxx | % | xxx | % |
| Between 1- 2 years | xxx | % | xxx | % |
| Between 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total (a+b)** | **xxx** | **%** | **xxx** | **%** |

1. **Receivables from Non-Exchange Transactions**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | ***Opening Statement***  ***1st July 20XX*** | |
| **Kshs** | | **Kshs** | |
| Transfers from NGCDFB | xxx | | xxx | |
| Advances to PMCs | xxx | | xxx | |
| **Total** | **xxx** | | **xxx** | |
|  |  | |  | |
| **Ageing Analysis- Receivables from non-**  **exchange transactions** | **Insert Current FY** | **% of the total** | **Opening Balance** | **% of the total** |
| Less than 1 year | xxx | % | xxx | % |
| Between 1-2 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total** | xxx | % | xxx | % |

1. **Prepayments**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | ***Opening Statement***  ***1st July 20XX*** |
| **Kshs** | **Kshs** |
| Prepaid Rent | xxx | xxx |
| Prepaid Insurance | xxx | xxx |
| Prepaid Electricity Costs | xxx | xxx |
| Other Prepayments *(Specify*) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Property, Plant and Equipment**

|  | **Land** | **Buildings** | **Motor vehicles** | **Infrastructure assets** | **Furniture and fittings** | **Computers & ICT Equipment** | **Heritage assets** | **Work in progress** | **Service concession assets** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Depreciation Rate** |  | **2-10%** | **10-16.67%** | **2-20%** | **12.5%** | **33.3%** | **x%** |  |  |  |
| **Cost** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Opening Bal as 1st July 20xx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| Additions | xxx | xxx | xxx | xxx | xxx | - | xxx | xxx | xxx | **xxx** |
| Disposals | (xxx) | (xxx) | - | (xxx) | - | - | (xxx) | (xxx) | (xxx) | **(xxx)** |
| Transfer/Adjustments | (xxx) | (xxx) | xxx | xxx | xxx | (xxx) | (xxx) | xxx | xxx | **(xxx)** |
| **As At 30th June 20xx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Depreciation And Impairment** |  |  |  |  |  |  |  |  |  |  |
| Depreciation | - | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | (xxx) | - | - | **(xxx)** |
| Disposals | - | xxx | - | - | - | - | xxx | - | - | **xxx** |
| Impairment | - | (xxx) | (xxx) | (xxx) | - | - | (xxx) | - | - | **(xxx)** |
| Transfer/Adjustment | - | xxx | (xxx) | (xxx) | (xxx) | xxx | (xxx) | - | - | **xxx** |
| **As At 30th June 20xx** | **-** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **-** | **-** | **xxx** |
| **Net Book Values** |  |  |  |  |  |  |  |  |  |  |
| **Opening Bal as at 1st July 20xx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As At xx 30th June 20xx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*The statement does not contain comparatives, as the entity has taken advantage of IPSAS 33 provisions on presentation for the first year of transition*

**Valuation**

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at , PPE has been valued at the current operational value which is the amount the entity would pay for the remaining service potential of an asset at the measurement date.

**22 b) Property, Plant and Equipment at Cost**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Cost** | **Accumulated Depreciation** | **NBV** |
|  | **Kshs** | **Kshs** | **Kshs** |
| Land | xxx | xxx | xxx |
| Buildings | xxx | xxx | xxx |
| Plant And Machinery | xxx | xxx | xxx |
| Motor Vehicles, Including Motorcycles | xxx | xxx | xxx |
| Computers And Related Equipment | xxx | xxx | xxx |
| Office Equipment, Furniture, And Fittings | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
|  | **Cost or valuation** | **Normal annual depreciation charge** |
| Plant and Machinery | xxx | xxx |
| Motor Vehicles including Motorcycles | xxx | xxx |
| Computers and Related Equipment | xxx | xxx |
| Office Equipment, Furniture and Fittings | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Intangible Assets**

|  |  |
| --- | --- |
| **Description** | ***Insert Current FY*** |
|  | **Kshs** |
| **Cost** |  |
| **Opening balance at 1**st July 20xx | xxx |
| Additions | xxx |
| Disposal | (xxx) |
| **At end of the 20xx** | xxx |
| **Amortization and impairment** |  |
| **At beginning of the year** | xxx |
| Amortization | xxx |
| **At end of the year** | xxx |
| Impairment loss | xxx |
| **At end of the year** | xxx |
| **NBV** at July 1st 20xx | xxx |
| **NBV at June 30th 20xx** |  |

1. **Right-of use assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | ***Buildings*** | **Motor vehicles** | ***Plant and equipment*** | ***Total*** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **Cost** |  |  |  |  |
| As at 1 July 20xx | xxx | xxx | xxx | xxx |
| Additions | xxx | xxx | xxx | xxx |
| As at 30 Sept/Dec/ March/June 20xx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |
| **Accumulated Depreciation** |  |  |  |  |
| As at 1 July 20xx | xxx | xxx | xxx | xxx |
| Charge for the year | xxx | xxx | xxx | xxx |
| As at 30 Sept/Dec/ March/June 20xx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |
| **Carrying Amount** |  |  |  |  |
| As at 30 Sept/Dec/ March/June 20xx | xxx | xxx | xxx | xxx |

1. **Trade and Other Payables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | ***Insert Current FY*** | | ***Opening Statement 1st July 20XX*** | |
| **Kshs** | | **Kshs** | |
| Trade payables | xxx | | xxx | |
| Employee payables | xxx | | xxx | |
| Other payables | xxx | | xxx | |
| **Total** **trade** **and** **other** **payables** | **xxx** | | **xxx** | |
|  |  | |  | |
| **Aging analysis: (Trade and other payables)** | **Current FY** | **% of the Total** | **1st July** | **% of the Total** |
| Under one year | xxx | % | xxx | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total (tie to above total)** | **xxx** |  | **xxx** |  |

1. **Third-Party deposits**

|  |  |
| --- | --- |
|  | ***Insert current FY*** |
|  | **KShs** |
| Retention as at 1st July (A) | xxx |
| Retention held during the year (B) | xxx |
| Retention paid during the Year (C) | xxx |
| **Closing Retention as at 30th June D= A+B-C** | **xxx** |

**Retentions aging analysis.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Insert**  **Current FY** | **% of**  **the total** | **Insert**  **Comparative FY** | **% of**  **the total** |
| Less than 1 year | xxx | % | xxx | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total** | **xxx** |  | **xxx** |  |

(*The total above should be equal to the closing retention*)

1. **Lease Liabilities**

|  |  |  |
| --- | --- | --- |
| **Description** | ***Insert Current FY*** | ***Opening Statement***  ***1st July 20XX*** |
|  | **Kshs** | **Kshs** |
| **Balance at the beginning of the year** | **xxx** | **xxx** |
| Discount interest on lease liability | xxx | xxx |
| Paid during the year | (xxx) | (xxx) |
| **At end of the year** | **xxx** | **xxx** |

**Maturity Analysis**

| **Period** | **Amount** |
| --- | --- |
| Year 1 | xxx |
| Year 2 | xxx |
| Year 3 | xxx |
| Year 4 | xxx |
| Year 5 and onwards | xxx |
| Less: unearned Interest | (xxx) |
|  | xxx |

**Analysed as:**

|  |  |
| --- | --- |
| **Description** | **Amount** |
| Current | xxx |
| Non- Current | xxx |
| Total | xxx |

1. **Employee Benefit Obligation**

|  |  |
| --- | --- |
| **Description** | ***Insert Current FY*** |
|  | **Kshs** |
| Gratuity at the beginning of the year 1st of July | xxx |
| Gratuity held during the year | xxx |
| Gratuity paid during the year | (xxx) |
| **Total** **Employee Benefits Obligation** 30th June (A+B-C) | xxx |

1. **Cash Generated from Operations**

|  |  |
| --- | --- |
|  | **Insert Current FY** |
|  | **Kshs** |
| **Surplus/Deficit for the year** | **xxx** |
| **Adjusted for:** |  |
| Depreciation | xxx |
| Impairment | xxx |
| Gains and losses on disposal of assets | (xxx) |
|  |  |
| **Working capital adjustments** |  |
| Increase/decrease in receivables | (xxx) |
|  |  |
| Increase/decrease in payables | xxx |
|  |  |
| **Net cash flow from operating activities** | **xxx** |

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

1. **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 Entity’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 Entity 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:

* 1. **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 Entity’s management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | **Total amount** | **Fully performing** | **Past due** | **Impaired** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |  |
| Receivables from exchange transactions | xxx | xxx | xxx | xxx |
| Receivables from non-exchange transactions | xxx | xxx | xxx | xxx |
| Bank balances | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30 June (Previous FY)** |  |  |  |  |
| Receivables from exchange transactions | xxx | xxx | xxx | xxx |
| Receivables from non-exchange transactions | xxx | xxx | xxx | xxx |
| Bank balances | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity’s statement of financial position).*

**Financial Risk Management**

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

* 1. **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 Entity 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.

| Description | **Less than 1 month** | **Between 1-3 months** | **Over 5 months** | **Total** |
| --- | --- | --- | --- | --- |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |  |
| Trade payables | xxx | xxx | xxx | xxx |
| Current poportion of borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Deferred income | xxx | xxx | xxx | xxx |
| Employee benefit obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30th June (Previous FY)** |  |  |  |  |
| Trade payables | xxx | xxx | xxx | xxx |
| Current portion of borrowings | xxx | xxx | xxx | xxx |
| Provisions | xxx | xxx | xxx | xxx |
| Deferred income | xxx | xxx | xxx | xxx |
| Employee benefit obligation | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

* 1. **Market risk**

The *Entity* 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 Entity’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 way it manages and measures the risk.

1. **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 *Entity* 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. 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:

**Current FY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **In Kshs** | **Other currencies** | **Total** |
| **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |
| **Financial Assets** | xxx | xxx | xxx |
| Investments | xxx | xxx | xxx |
| Cash | xxx | xxx | xxx |
| Debtors | xxx | xxx | xxx |
| **Total Financial Assets** | **xxx** | **xxx** | **xxx** |
| **Financial Liabilities** |  |  |  |
| Trade And Other Payables | xxx | xxx | xxx |
| Borrowings | xxx | xxx | xxx |
| **Total Financial Liabilities** | **xxx** | **xxx** | **xxx** |
| **Net Foreign Currency Asset/(Liability)** | **xxx** | **xxx** | **xxx** |

**Foreign currency sensitivity analysis**

**Current FY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **In Kshs** | **Other currencies** | **Total** |
| **Kshs** | **Kshs** | **Kshs** |
| **As at 30th June (Current FY)** |  |  |  |
| **Financial Assets** | xxx | xxx | xxx |
| Investments | xxx | xxx | xxx |
| Cash | xxx | xxx | xxx |
| Debtors | xxx | xxx | xxx |
| **Total Financial Assets** | **xxx** | **xxx** | **xxx** |
| **Financial Liabilities** |  |  |  |
| Trade And Other Payables | xxx | xxx | xxx |
| Borrowings | xxx | xxx | xxx |
| **Total Financial Liabilities** | xxx | xxx | xxx |
| **Net Foreign Currency Asset/(Liability)** | **xxx** | **xxx** | **xxx** |

**Financial Risk Management**

The following table demonstrates the effect on the Entity’s statement of comprehensive income 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.

|  |  |  |  |
| --- | --- | --- | --- |
| Description | **Change in**  **currency rate** | **Effect on Profit**  **before tax** | **Effect on**  **Equity/Net assets** |
| **Kshs** | **Kshs** | **Kshs** |
| **Current FY** |  |  |  |
| Euro | 10% | xxx | xxx |
| USD | 10% | xxx | xxx |
| **Previous FY** |  |  |  |
| Euro | 10% | xxx | xxx |
| USD | 10% | xxx | xxx |

1. **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 Entity’s interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity’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 Entity 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 (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

**Fair value of financial assets and liabilities**

1. **Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity’s* market assumptions. These two types of inputs have created the following fair value hierarchy:

* Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
* Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
* Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| **As at 30 June (Current FY)** |  |  |  |  |
| **Financial Assets** |  |  |  |  |
| Quoted Equity Investments | xxx | xxx | xxx | xxx |
| **Non- Financial Assets** |  |  |  |  |
| Investment Property | xxx | xxx | xxx | xxx |
| Land And Buildings | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |
| **As at 30th June (Previous FY)** |  |  |  |  |
| **Financial Assets** |  |  |  |  |
| Quoted Equity Investments | xxx | xxx | xxx | xxx |
| **Non- Financial Assets** |  |  |  |  |
| Investment Property | xxx | xxx | xxx | xxx |
| Land And Buildings | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** |

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | ***Opening Statement 1st July 20xx*** |
| **Kshs** | **Kshs** |
| Revaluation Reserve | xxx | xxx |
| Retained Earnings | xxx | xxx |
| Capital Reserve | xxx | xxx |
| **Total Funds** | **xxx** | **xxx** |
| Total Borrowings | xxx | xxx |
| Less: Cash and Bank Balances | (xxx) | (xxx) |
| Net Debt/(Excess Cash And Cash Equivalents) | xxx | xxx |
| **Gearing** | xx% | xx% |

1. **Related Party Disclosures**

|  |  |  |
| --- | --- | --- |
|  | ***Insert current FY*** | ***Opening Statement 1stJuly 20xx*** |
|  | **Kshs** | **Kshs** |
| **Committee Members Remuneration** |  |  |
| Sitting allowance of committee Members during the year | xxx | xxx |
|  |  |  |
| **Transaction with the NGCDF Board** |  |  |
| Transfers from the NGCDF Board during the year | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Segment Information**

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

1. **Contingent Assets and Contingent Liabilities**

**Contingent Assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | ***Opening Statement 1st July 20xx*** |
| **Kshs** | **Kshs** |
| **Contingent Assets** |  |  |
| Insurance Reimbursements | xxx | xxx |
| Assets Arising from Determination Of Court Cases | xxx | xxx |
| Reimbursable Indemnities and Guarantees | xxx | xxx |
| Receivables From Other Government Entities | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** | xxx | xxx |

*(Give details)*

**Contingent Liabilities**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | ***Opening Statement 1st July 20xx*** |
| **Kshs** | **Kshs** |
| **Contingent Liabilities** | xxx | xxx |
| Court Case xx against the Entity | xxx | xxx |
| Bank Guarantees in Favour of Subsidiary | xxx | xxx |
| Contingent Liabilities arising from Contracts Including PPPs | xxx | xxx |
| Others (Specify) | xxx | xxx |
| **Total** | **xxx** | **xxx** |

1. **Capital Commitments**

|  |  |  |
| --- | --- | --- |
| **Capital Commitments** | **Insert Current FY** | ***Opening Statement 1st July 20xx*** |
| **Kshs** | **Kshs** |
| Authorised for | xxx | xxx |
| Authorised and Contracted for | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments maybe those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).*

1. **Events after the Reporting Period**

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

1. **Ultimate And Holding Entity**

The xxx Constituency is a Fund under The National Treasury and Planning & managed by NG-CDFB at the National level, and the NG-CDFC at the constituency level. Its ultimate parent is the Government of Kenya.

1. **Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

# Annexes

**Annex 1: Analysis of Pending Accounts Payable**

| **Supplier of Goods or Services** | **Original Amount** | **Date Contracted** | **Amount Paid To-Date** | **Outstanding Balance** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  | a | b | c | d=a-c |  |
| **Construction of buildings** |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |
| **Construction of civil works** |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |
| **Supply of goods** |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |
| **Supply of services** |  |  |  |  |  |
|  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |
| **Grand Total** |  |  |  |  |  |

**Annex 2 - Analysis of Pending Staff Payables**

| **Name of Staff** | **Designation** | **Date employed** | **Outstanding Balance**  **30th June 20xx** | **Comments** |
| --- | --- | --- | --- | --- |
| **NG-CDFC Staff** |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total** |  |  |  |  |

**Annex 3 – Unutilized Fund**

| **Name** | **Brief Transaction Description** | **Outstanding Balance**  **Current FY** | **Outstanding Balance**  **Previous FY** | **Comments** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Compensation of employees |  |  |  |  |
| Use of goods & services |  |  |  |  |
| Amounts due to other Government entities *(list projects)* |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Sub-Total** |  |  |  |  |
| Amounts due to other grants and other transfers *(list projects)* |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Sub-Total** |  |  |  |  |
| Acquisition of assets |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Sub-Total** |  |  |  |  |
| Digital Hubs Expenses (*specify*) |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Sub-Total** |  |  |  |  |
| Others (*specify*) |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Sub-Total** |  |  |  |  |
| Funds pending approval |  |  |  |  |
| **Grand Total** |  |  |  |  |

**Annex 4 – Summary of Asset Register**

| **Asset class** | **Historical Cost/valuation cost balance brought forward**  **(Kshs)** | **Additions during the year (Kshs)** | **Disposals during the year (Kshs)** | **Historical Cost**  **(Kshs)**  **At Year End** |
| --- | --- | --- | --- | --- |
| Land |  |  |  |  |
| Buildings and structures |  |  |  |  |
| Transport equipment |  |  |  |  |
| Office equipment, furniture, and fittings |  |  |  |  |
| ICT Equipment and Other ICT Assets |  |  |  |  |
| Other Machinery and Equipment |  |  |  |  |
| Intangible assets |  |  |  |  |
| **Total** |  |  |  |  |

*(Attach the complete asset register showing all the assets in the constituency with the date of purchase, cost of the asset. depreciation rate, depreciation for the year, accumulated depreciation and the NBV of the assets)*

**Annex 5 –PMC Bank Balances As At 30th June 20xx**

| **PMC** | **Bank** | **Account number** | **Bank Balance**  **Current FY** | **Bank Balance**  **Comparative FY** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total** |  |  |  |  |

**Annex 6: Progress On Follow Up of Auditor Recommendations**

The following is a summary of issues raised by the external auditor, management comments provided to the auditor, and subsequent progress made on resolving the issues.

| **Reference No. on the external audit Report** | **Issue / Observations from Auditor** | **Management comments** | **Status:**  ***(Resolved / Not Resolved)*** | **Timeframe:**  ***(Put a date when you expect the issue to be resolved)*** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**………………………………………**

**Name**

**Fund Account Manager.**