BOMET COUNTY BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIALYEAR ENDED JUNE 30, 2018

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

The fund's objective is to assist poor but bright students' access quality education.

The Fund's principal activity is to meet tuition expenses for the beneficiaries of the bursary by equitably sharing the funds among the twenty five wards existing in the county.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to equitably share the funds among the twenty five wards existing in the county. (Refer to attached Bomet County Support for the Needy Act, 2014)

(Under this section you may include the fund's vision, mission and core objectives)

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	JULIANA YEGON	CHAIRPESON
2	SIMION LANGAT	SECRETARY
3	DAVID KIKWAI	MEMBER
4	CORNELLIUS SIGEI	MEMBER
5	ANDREW KITUR	MEMBER
6	EUNICE BETT	MEMBER
7	CAREN RUTO	FUND ADMINISTRATOR

(This section will be applicable for Public Funds that have a Board of Trustees/Fund Administration Committee. Input names of all the members who held office during the period)

d) Key Management
(As in c above)

Ref	Name	Position
1	JULIANA YEGON	CHAIRPESON
2	SIMION LANGAT	SECRETARY
3	DAVID KIKWAI	MEMBER
4	CORNELLIUS SIGEI	MEMBER
5	ANDREW KITUR	MEMBER
6	EUNICE BETT	MEMBER
7	CAREN RUTO	FUND ADMINISTRATOR

(Include all positions regarded as top management for the Fund).

Registered Offices

P.O. Box 19 - 20400
Department of Education and vocational Training Building
Huduma Centre Avenue
Bomet, KENYA

e) Fund Contacts

Telephone: (254) 712 301 368
E-mail: ecd.vti@bomet.go.ke
Website: www.bomet.go.ke

f) Fund Bankers

Equity Bank-Bomet Branch
AC/NO: 1220275961647

g) Independent Auditors

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

h) Principal Legal Adviser

The Attorney General
State Law Office

Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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

Name	Details of qualifications and experience	Position
1. Juliana Yegon 	Key Academic Qualification: Master Degree Work Experience: 23 Years	CECM Education and vocational training
2. Simion Langat 	Key Academic Qualification: Master Degree Work Experience: 20 Years	Chief officer Education and vocational training
3. David Kikwai 	Key Academic Qualification: Master Degree Work Experience: 17 Years	Chief officer Finance
4. Cornellius Sigei 	Key Academic Qualification: Master Degree Work Experience: 24 Years	Principal Kapkimolwo secondary school
5. Andrew Kitur 	Key Academic Qualification: Master Degree Work Experience: 21 Years	Accountant Children department
6. Eunice Bett 	Key Academic Qualification: Degree Work Experience: 18 Years	Attendant Kenya postal corporation

7. Caren Ruto (Fund Administrator) 	Key Academic Qualification: Degree Work Experience: 21 Years	Director Vocational training

2. MANAGEMENT TEAM (AS IN 2 ABOVE)

Name	Details of qualifications and experience	Work/ Position
8. Juliana Yegon 	Key Academic Qualification: Master Degree Work Experience: 23 Years	CECM Education and vocational training
9. Simion Langat 	Key Academic Qualification: Master Degree Work Experience: 20 Years	Chief officer Education and vocational training
10. David Kikwai 	Key Academic Qualification: Master Degree Work Experience: 17 Years	Chief officer Finance
11. Cornellius Sigei 	Key Academic Qualification: Master Degree Work Experience: 24 Years	Principal Kapkimolwo secondary school
12. Andrew Kitur 	Key Academic Qualification: Master Degree Work Experience: 21 Years	Accountant Children department
13. Eunice Bett 	Key Academic Qualification: Degree Work Experience: 18 Years	Attendant Kenya postal corporation
14. Caren Ruto (Fund Administrator)	Key Academic Qualification: Degree Work Experience: 21 Years	Director Vocational training

3. BOARD/FUND CHAIRPERSON'S REPORT CECM EDUCATION AND VOCATIONAL TRAINING

The scholarship programme is a county flagship project that targets to benefit needy students who are bright within all the twenty-five wards across the county. The Fund shall be administered as per Article 6 (1) (e) and Article 11 of the Bomet County Support for the Needy Act, 2014.

During the year in question the membership of the county committee of the bursary fund was not changed during. The key management team was maintained.

The fund served and achieved the intended objective of assisting bright and needy students in secondary school across all the forms.

The future outlook of the fund is that it should be increased and expanded to include bright needy trainees in our vocational training centres and also increased number of beneficiaries in secondary schools.

1. Increased number of beneficiaries
2. Increased allocation for Partial scholarship
3. Introduce Bursary for trainees in vocational training centres

In conclusion, the fund has been very helpful and has assisted a number of bright students and helped them to be retained in their learning institutions.

Signed: ______________________

<Juliana Yegon>

4. REPORT OF THE FUND ADMINISTRATOR

The bursary application and disbursement process runs starting with advertisement for bursary and applications are received at the ward level where vetting is done by ward bursary committee.

The bursary is categorised as follows:

1. Full Tuition Support Bursary which benefits four students per ward yearly
2. Partial scholarship which is a one-off payment of students where every ward is allocated Ksh. 400,000/= (Four hundred thousand) except Chepchabas ward which was allocated Ksh. 500,0000/= (Five hundred thousand)
3. Special cases where genuine needy cases that were not captured in either partial or full scholarship.

Mode of application

The available form for application is uploaded in the Bomet County Website and is available online for public to access it freely.

Hard copies are availed at all the ward offices in the twenty five wards across the county.

Bursary Fund Account

The bursary fund operates an account for the bursary at Equity Bank - Bomet branch and is used to facilitate the disbursement of monies for the scholarship.

Affirmative action

Chepchabas Ward is given special consideration by being awarded the partial scholarship funds above the rest. This is because the location under which the ward in the tea estates does not allow the county government to construct any infrastructure. The only project the county government may work on is to pay bursaries. Further to this it is also given an award of **Ksh. 5,000,000/= (Five million)** through the county assembly.

Collaborative operation

The committee resolved to have a joint meeting with ward committee members to train other members on the need to be fair, just and honest during the exercise of awarding bursary to students.

Full bursary allocation and disbursement for beneficiaries in form one to form four covering 77 schools have been completed. Total amount disbursed is Ksh. 8,151,151 in 2017/18 FY.

The disbursement has been done as per the schedule below:

SN	TERM	AMOUNT (Ksh.)	NUMBER OF BENEFICIARIES
1	TERM 2 2018	8,151,151	488
	TOTAL	**8,151,151**	**488**

Affirmative Action Bursary Fund for **Chepchabas Ward** was approved by the committee and is due for payment. A total of **1506 approved beneficiaries** were approved for the payment of **Ksh. 5,000,000/=** (Five million shillings only)

OVERALL CHALLENGES OF BURSARY FUND IMPLEMENTATION

1. Delayed disbursement of the allocated bursary from the treasury causing jam in the office and students being interrupted in their learning.
2. Unplanned transfer of beneficiaries. These are changes that are made in school fees by the schools without informing office. These later on affect the budget on the bursary applied for based on the fees structure records leading to fees arrears.
3. Difficulty in monitoring students' performance. This is caused by lack of means of transport and facilitation to reach various schools for close tracking of beneficiaries' progress.
4. Parents and guardians are not cooperative in submitting required information on time concerning fees balances and academic report forms.
5. Schools not acknowledging receipts of the funds
6. Late submission of bursary details from the sub county level to the head office. Most of the required information doesn't reach office in time hence leading to delay in final data for payment.
7. Unclear policy on administration of the bursary fund. This has hampered facilitation of the County Bursary Committee in carrying out their mandate effectively.

GENERAL RECOMMENDATIONS

1. Finance department should consider other means of disbursing funds to the bursary account in quotas based on the budget for bursary rather than relying entirely on the list of beneficiaries.
2. There is need to clarify to the beneficiaries whether the bursary is strictly fees as per Ministry of Education guidelines or it's inclusive of other levies since most students are extremely needy and rely entirely on this bursary.
3. The department should be allocated a vehicle for monitoring the implementation of the bursary programme in general.
4. The bursary committee should be facilitated to organize a mentorship programme for the bursary beneficiaries to ensure that they give value for money and understand obligations of parents and students respectively.
5. All lists should be submitted in the office within the stipulated time so that action can be taken within the timelines provided.
6. Clarification should be made on The Bomet County Support for the Needy Act (2014) on how funds for administration shall be accessed by the committee to ensure efficient and effective implementation of the provisions of the Act.

Signed: ______________________

<CAREN RUTO>

5. CORPORATE GOVERNANCE STATEMENT

The bursary fund committee was able to hold three meetings as follows:

1. Meeting of Bomet County Bursary Fund committee meeting held on 15-02-2018 in the office of county executive committee member for education's office at 12 noon.

   Members Present

   a. Juliana Yegon Chairperson CEC Education and Vocational Training
   b. David Kurgat Member Chief Officer Education and Vocational Training
   c. Rael Rotich Member Chief Officer Finance
   d. Eunice Bett Member

2. Meeting of County Bursary Committee meeting held at Brevan Hotel on 11/6/2018 at 1500 hours

   Members Present

   a. Juliana Yegon -CEC Education and Vocational Training
   b. Simion Langat-Chief Officer (Secretary)
   c. Andrew Kipsang Kitur-Member
   d. Eunice Bett-Member
   e. Cornelius Kiplangat Sigei-Member
   f. Caren Ruto-Fund Administrator

3. Meeting of county bursary committee meeting held in the boardroom on 16/10/2018 at 1100 hours

   1. Juliana Yegon -Chairperson CEC Education
   2. Simion Langat-Secretary CO Education
   3. Andrew Kipsang Kitur-Member
   4. Eunice Bett-Member
   5. Caren Ruto-Member
   6. Dora Moluche for CO Finance

PROCESS OF APPOINTMENT AND REMOVAL OF TRUSTEES/COMMITTEE

The county bursary fund committee is composed as follows:

a. Three members appointed by the Governor

b. Executive committee member for education

c. Chief officer, education

d. Chief officer, finance

ROLES AND FUNCTIONS OF THE BOARD

The committee's functions are as follows:

a. Equitably share the funds among the twenty five wards in the county

b. Review allocations to ensure support offered is adequate and sufficient

c. Approve disbursement of fee support to awarded students

d. Monitor allocations of support to ensure needy and deserving students benefit

e. Conduct periodic county skills survey to identify critical skills for the purpose of refocusing support and encouraging students to pursue necessary disciplines

f. Maintain an updated database of all the applicants and beneficiaries of the fund

g. Periodically produce and share annual disbursement reports with the governor and the county assembly

BOARD REMUNERATION

The committee has a provision to utilize a maximum of three per cent of the of the total monies consisting of the Fund for administrative costs (Bomet County Support for the Needy Act, 2014) through a work plan for the year. The work plan includes local travel costs, meetings, workshops, benchmarking visits, monitoring and evaluation and committee allowances.
The committee also discussed the appropriate amount of allowances for the committee during meeting and outside assignments whenever they are sent out on official duties. The members resolved and agreed that each member would be given an allowance of Ksh. 5,000/= and the chairperson would get Ksh. 7,000/=. For cheque processing and signing members responsible would be given an allowance of ksh. 2,000= every time they are required to process.
This decision by the committee would be effective immediately; beginning the day of this meeting.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Two- three pages

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

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

7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Two-to-three pages

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

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

There WERE no activities of CSR in 2017/2018 FY.

8. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to equitably share the funds among the twenty five wards existing in the county

Results

The results of the Fund for the year ended June 30, 2018 are set out on page ....

Trustees

The members of the Board of Trustees who served during the year are shown on page xxx (*refer to the key entity information and management page)*. The changes in the Board during the financial year are as shown below: (There were no changes in the membership of the committee)

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2018 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board

XXX

Member of the Board

Date: 30th sept 2018

9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(quote the applicable legislation establishing the County Public Fund)*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2018, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30/9 2018 and signed on its behalf by:

Administrator of the County Public Fund

REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI

HARAMBEE

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON BOMET COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bomet County Bursary Fund set out on pages 21 to 60, which comprise the statement of financial position as at 30 June, 2018 , and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bomet County Bursary Fund as at 30 June, 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Bomet County Support for the Needy Act, 2014 and Public Finance Management, Act 2012.

Basis for Qualified Opinion

1. Bursary Disbursements

The statement of financial performance reflects fund administration expenses of Kshs.8,151,151 relating to bursary disbursements to the needy students studying in both secondary schools and tertiary education institutions. However, out of the total disbursements, an amount of Kshs.4,166,656 only was confirmed as having been received by various beneficiary institutions through letters of acknowledgement and/or issuance of official receipts. The balance of Kshs.3,84,495 was not confirmed as received and therefore not accounted for.

Consequently, the accuracy and completeness of the fund administration expenses of Kshs.8,151,151 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bomet County Bursary Fund in

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has else come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of Bomet County Bursary Fund to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable going concern basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Bomet County Bursary Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

FCPA Edward R. O. Ouko, CBS
<u>AUDITOR-GENERAL</u>

Nairobi

17 June 2019

11. FINANCIAL STATEMENTS

11.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2018

	Note	FY2017/2018	FY2016/2017
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1		
Transfers from the County Government	2	9,499,027.00	
Fines, penalties and other levies	3		
Revenue from exchange transactions			
Interest income	4	-	
Other income	5	-	
Total revenue		9,499,027.00	
Expenses			
Fund administration expenses	6	8,151,151.00	
Staff Costs	7	-	
General expenses	8	-	
Finance costs	9		
Total expenses		8,151,151.00	
Other gains/losses			
Gain/loss on disposal of assets	10	-	
Surplus/(deficit) for the period		1,347,876	

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

11.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	FY2017/2018	FY2016/2017
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	1,347,876	
Current portion of long term receivables from exchange transactions	12	-	
Prepayments	13	-	
Inventories	14	-	
Non-current assets			
Property, plant and equipment	15	-	
Intangible assets	16	-	
Long term receivables from exchange transactions	12	-	
Total assets		1,347,876	
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	
Provisions	18	-	
Current portion of borrowings	19	-	
Employee benefit obligations	20	-	
Non-current liabilities			
Non-current employee benefit obligation	20	-	
Long term portion of borrowings	19	-	
Total liabilities		-	

Net assets			
Revolving Fund		-	
Reserves		-	
Accumulated surplus		**1,347,876.00**	
Total net assets and liabilities		**1,347,876.00**	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9/ 2018 and signed by:

Administrator of the Fund
Name: CAREN RUTTO

Fund Accountant
Name:
ICPAK Member Number:

11.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2018

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2016			-	-
Surplus/(deficit) for the period			-	-
Funds received during the year			-	-
Revaluation gain			-	-
Balance as at 30 June 2017			-	-
Balance as at 1 July 2017			-	-
Surplus/(deficit) for the period			1,347,876.00	**1,347,876.00**
Funds received during the year			-	-
Revaluation gain			-	-
Balance as at 30 June 2018			**1,347,876.00**	**1,347,876.00**

(Provide details on the nature and purpose of reserves)

11.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	FY2017/2018	FY2016/2017
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	
Transfers from the County Government		9,499,027.00	
Interest received		-	
Receipts from other operating activities		-	
Total Receipts		**9,499,027.00**	
Payments			
Fund administration expenses		8,151,151.00	
General expenses		-	
Finance cost		-	
Total Payments		**8,151,151.00**	
Net cash flows from operating activities	21	**1,347,876.00**	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	
Proceeds from sale of property, plant and equipment		-	
Proceeds from loan principal repayments		-	
Loan disbursements paid out		-	
Net cash flows used in investing activities		-	
Cash flows from financing activities			

Proceeds from revolving fund receipts		-	
Additional borrowings		-	
Repayment of borrowings		-	(xxx)
Net cash flows used in financing activities		-	**(xxx)**
Net increase/(decrease) in cash and cash equivalents		**1,347,876.00**	**(xxx)**
Cash and cash equivalents at 1 JULY	11	-	xxx
Cash and cash equivalents at 30 JUNE	11	**1,347,876.00**	**xxx**

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

11.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2018

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2018	2018	2018	2018	2018	2018
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	#DIV/0!
Transfers from County Govt.	10,000,000.00	-	10,000,000.00	9,499,027.00	500,973.00	95%
Interest income	-	-	-		-	#DIV/0!
Other income	-	-	-	-	-	#DIV/0!
Total income	**10,000,000.00**		**10,000,000.00**	**9,499,027.00**	500,973.00	91%
Expenses						
Fund administration expenses	10,000,000.00		10,000,000.00	8,151,151.00	1,848,849	82%
Staff costs	-	-	-	-	-	#DIV/0!
General expenses	-	-	-	-	-	#DIV/0!
Finance cost		-				#DIV/0!
Total expenditure	**10,000,000.00**	-	**10,000,000.00**	8,151,151.00	1,848,849	**82%**
Surplus for the period	-	-	-	**1,347,876.00**	**(1,347,876.00)**	**#DIV/0!**

Budget notes

1. *Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14*
2. *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

11.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

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

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	**Applicable: 1st January 2019:** The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The entity did not early - adopt any new or amended standards in year 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2017/2018 was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxxxx on the 2017-2018 budget following the governing body's approval.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. Changes in accounting policies and estimates

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

12. Employee benefits - Retirement benefit plans

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

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

13. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

15. Related parties

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

16. Cash and cash equivalents

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

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by Bomet County Support for the Needy Act, 2014 under the Department of Education and Vocational Training. Its ultimate parent is the County Government of Bomet.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

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

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

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

Useful lives and residual values

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

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

Provisions

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

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

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

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2018				
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**
At 30 June 2017				

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)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The entity has significant concentration of credit risk on amounts due.

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2018				
Trade payables	xxx	xxx	xxx	Xxx
Current portion of borrowings	xxx	xxx	xxx	Xxx
Provisions	xxx	xxx	xxx	Xxx
Employee benefit obligation	xxx	xxx	xxx	Xxx

Total	**xxx**		**xxx**	**xxx**	**Xxx**
At 30 June 2017					
Trade payables	xxx		xxx	xxx	Xxx
Current portion of borrowings	xxx		xxx	xxx	Xxx
Provisions	xxx		xxx	xxx	Xxx
Employee benefit obligation	xxx		xxx	xxx	Xxx
Total	**xxx**		**xxx**	**xxx**	**Xxx**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2018			
Financial assets (investments, cash ,debtors)	xxx	xxx	Xxx
Liabilities			
Trade and other payables	xxx	xxx	Xxx
Borrowings	xxx	xxx	Xxx
Net foreign currency asset/(liability)	**xxx**	**xxx**	**Xxx**

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2018			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx
2017			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2017: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2017 - KShs xxx)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

		2018		2017
Bomet County Bursary Fund		KShs		KShs
Revaluation reserve		xxx		Xxx
Revolving fund		xxx		Xxx
Accumulated surplus		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%

11.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Donation from development partners		Xxx	Xxx
Contributions from the public		Xxx	Xxx
Total		**Xxx**	**Xxx**

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Transfers from County Govt. - operations		9,499,027	
Payments by County on behalf of the entity			
Total		**9,499,027**	

3. Fines, penalties and other levies

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Late payment penalties		Xxx	Xxx
Fines		Xxx	Xxx
Total		**Xxx**	**xxx**

(Provide brief explanation for this revenue)

4. Interest income

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Interest income from loans(mortgage or car loans		Xxx	Xxx
Total interest income		**Xxx**	**xxx**

(Provide brief explanation for this revenue)

5. Other income

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Insurance recoveries		Xxx	Xxx
Income from sale of tender documents		Xxx	Xxx
Miscellaneous income			
Total other income		**Xxx**	**xxx**

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

6. Fund administration expenses

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Loan processing costs		-	
Professional services costs		-	
Bursary payment		8,151,151	
Total		**8,151,151**	

7. Staff costs

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Salaries and wages		Xxx	Xxx
Staff gratuity		Xxx	Xxx
Staff training expenses		Xxx	Xxx
Social security contribution		Xxx	Xxx
Other staff costs		Xxx	Xxx
Total		**Xxx**	**Xxx**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Consumables		Xxx	Xxx
Electricity and water expenses		Xxx	Xxx
Fuel and oil costs		Xxx	Xxx
Insurance costs		Xxx	Xxx
Postage		Xxx	Xxx
Printing and stationery		Xxx	Xxx
Rental costs		Xxx	Xxx
Security costs		Xxx	Xxx
Telecommunication		Xxx	Xxx
Hospitality		Xxx	Xxx
Depreciation and amortization costs		Xxx	Xxx
Other expenses		Xxx	Xxx
Total		**Xxx**	**Xxx**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Interest on Bank overdrafts		
Interest on loans from banks		
Bank charges		
Total		

10. Gain on disposal of assets

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Property, plant and equipment	Xxx	xxx
Intangible assets	Xxx	xxx
Total	**Xxx**	**xxx**

11. Cash and cash equivalents

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Fixed deposits account	-	
On - call deposits	-	
Current account	**1,347,876.00**	
Others	-	
Total cash and cash equivalents	**1,347,876.00**	

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		FY2017/2018	FY2016/2017
Financial institution	Account number	KShs	KShs
a) **Fixed deposits account**			
Kenya Commercial bank			
Equity Bank, etc			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank - etc			
Sub- total			
c) Current account			
Kenya Commercial bank			
Equity Bank-Bomet		1220275961647	**1,347,876.00**
Sub- total			**1,347,876.00**
d) Others(specify)			
Cash in transit			
Cash in hand			
M Pesa			
Sub- total			
Grand total			

12. Receivables from exchange transactions

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Current Receivables		
Interest receivable	xxx	Xxx
Current loan repayments due	xxx	Xxx
Other exchange debtors	xxx	Xxx
Less: impairment allowance	(xxx)	(xxx)
Total Current receivables		
Non Current receivables		
Long term loan repayments due	xxx	Xxx
Total Non current receivables	**xxx**	**Xxx**

Total receivables from exchange transactions	xxx	Xxx

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Prepaid rent		xxx	Xxx
Prepaid insurance		xxx	Xxx
Prepaid electricity costs		(xxx)	(xxx)
Total		**xxx**	**Xxx**

14. Inventories

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Consumable stores		xxx	Xxx
Spare parts and meters		xxx	Xxx
Catering		xxx	Xxx
Total inventories at the lower of cost and net realizable value		**xxx**	**Xxx**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2016	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**
Additions	xxx	xxx	xxx	-	**xxx**
Disposals	(xxx)	(xxx)	-	-	**(xxx)**
Transfers/adjustments	xxx	(xxx)	**xxx**	(xxx)	**(xxx)**
At 30th June 2017	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**
At 1st July 2017					
Additions	xxx	xxx	xxx	-	**xxx**
Disposals	(xxx)	-	-	-	**(xxx)**
Transfer/adjustments	(xxx)	xxx	xxx	(xxx)	**(xxx)**
At 30th June 2018	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**
Depreciation and impairment					
At 1st July 2016	(xxx)	(xxx)	(xxx)	(xxx)	**(xxx)**
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	**(xxx)**
Impairment	(xxx)	-	-	-	**(xxx)**
At 30th June 2017	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**
At 1st July 2017					
Depreciation	(xxx)	(xxx)	(xxx)	-	**(xxx)**
Disposals	xxx	-	-	-	**xxx**
Impairment	(xxx)	(xxx)	-	-	**(xxx)**
Transfer/adjustment	xxx	(xxx)	(xxx)	xxx	**xxx**
At 30th June 2018	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**
Net book values					
At 30th June 2017	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**

12. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Cost			
At beginning of the year		xxx	xxx
Additions		xxx	xxx
At end of the year		**xxx**	**xxx**
Amortization and impairment			
At beginning of the year		xxx	xxx
Amortization		xxx	xxx
At end of the year		xxx	xxx
Impairment loss		xxx	xxx
At end of the year		**xxx**	**xxx**
NBV		**xxx**	**xxx**

17. Trade and other payables from exchange transactions

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Trade payables		xxx	xxx
Refundable deposits		xxx	xxx
Accrued expenses		xxx	xxx
Other payables		xxx	xxx
Total trade and other payables		**xxx**	**xxx**

18. Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Balance at beginning of the period		**xxx**	**xxx**
External borrowings during the year		xxx	xxx
Domestic borrowings during the year		xxx	xxx
Repayments of external borrowings during the period		(xxx)	(xxx)
Repayments of domestics borrowings during the period		(xxx)	(xxx)
Balance at end of the period		**xxx**	**xxx**

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

		FY2017/2018	FY2016/2017
		KShs	KShs
External Borrowings			
Dollar denominated loan from 'xxx organisation'		xxx	xxx
Sterling Pound denominated loan from 'yyy organisation'		xxx	xxx
Euro denominated loan from zzz organisation'		xxx	xxx
Domestic Borrowings			
Kenya Shilling loan from KCB		xxx	xxx
Kenya Shilling loan from Barclays Bank		xxx	xxx
Kenya Shilling loan from Consolidated Bank		xxx	xxx
Borrowings from other government institutions		xxx	xxx
Total balance at end of the year		**xxx**	**xxx**

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

Description		FY2017/2018	FY2016/2017
		KShs	KShs
Short term borrowings(current portion)		xxx	xxx
Long term borrowings		xxx	xxx
Total		**xxx**	**xxx**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

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

21. Cash generated from operations

	FY2017/2018	FY2016/2017
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	xxx	xxx
Gains/ losses on disposal of assets	(xxx)	(xxx)
Interest income	(xxx)	(xxx)
Finance cost	xxx	xxx
Working Capital adjustments		
Increase in inventory	(xxx)	(xxx)
Increase in receivables	(xxx)	(xxx)
Increase in payables	xxx	xxx
Net cash flow from operating activities	**xxx**	**xxx**

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

22. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

a) The County Government;
b) The Parent County Government Ministry;
c) Key management;

d) Board of Trustees; etc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY2017/2018 KShs	FY2016/2017 KShs
Transfers from related parties'	xxx	xxx
Transfers to related parties	xxx	xxx

c) Key management remuneration

	FY2017/2018 KShs	FY2016/2017 KShs
Board of Trustees	xxx	xxx
Key Management Compensation	xxx	xxx
Total	**xxx**	**xxx**

d) Due from related parties

	FY2017/2018 KShs	FY2016/2017 KShs
Due from parent Ministry	xxx	xxx
Due from County Government	xxx	xxx
Total	**xxx**	**xxx**

e) Due to related parties

	FY2017/2018 KShs	FY2016/2017 KShs
Due to parent Ministry	xxx	xxx
Due to County Government	xxx	xxx
Due to Key management personnel	xxx	xxx
Total	**xxx**	**xxx**

23. Contingent assets and contingent liabilities

Contingent liabilities	FY2017/2018 KShs	FY2016/2017 KShs
Court case xxx against the Fund	xxx	xxx
Bank guarantees	xxx	xxx
Total	**xxx**	**xxx**

(Give details)