

**REGULATORY AND OTHER NON-COMMERCIAL ENTITIES**

*(Indicate actual name of the Entity)*

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2014**

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

Table of Content Page

[I. KEY ENTITY INFORMATION AND MANAGEMENT ii](#_Toc394481943)

[II. THE BOARD OF DIRECTORS iv](#_Toc394481944)

[III. MANAGEMENT TEAM iv](#_Toc394481945)

[IV. CHAIRMAN’S STATEMENT v](#_Toc394481946)

[V. REPORT OF THE CHIEF EXECUTIVE OFFICER v](#_Toc394481947)

[VI. CORPORATE GOVERNANCE STATEMENT v](#_Toc394481948)

[VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT v](#_Toc394481949)

[VIII. REPORT OF THE DIRECTORS vi](#_Toc394481950)

[IX. STATEMENT OF DIRECTORS’ RESPONSIBILITIES vii](#_Toc394481951)

[X. REPORT OF THE INDEPENDENT AUDITORS ON THE *ENTITY* (*specify entity name*) viii](#_Toc394481952)

[XI. STATEMENT OF FINANCIAL PERFORMANCE 1](#_Toc394481953)

[XII. STATEMENT OF FINANCIAL POSITION 2](#_Toc394481954)

[XIII. STATEMENT OF CHANGES IN NET ASSETS 3](#_Toc394481955)

[XIV. STATEMENT OF CASH FLOWS 4](#_Toc394481956)

[XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS 5](#_Toc394481957)

[XVI. NOTES TO THE FINANCIAL STATEMENTS 6](#_Toc394481958)

[XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 30](#_Toc394481959)

# KEY ENTITY INFORMATION AND MANAGEMENT

1. **Background information**

The *entity* was formed on … by merging the Ministry of … and the Ministry of.... At cabinet level, the *entity* is represented by the Cabinet Secretary for …, who is responsible for the general policy and strategic direction of the *entity*.

1. **Principal Activities**

 The principal activity/mission of the *entity* is to …

1. **Key Management**

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

* Principal Secretary;
* ...;
* …; and
* …
1. **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. | Principal Secretary | **-** |
| 2. | Deputy Secretary | **-** |
| 3. | X | **-** |
| 4. | X | **-** |

1. **Fiduciary Oversight Arrangements**

*Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*

* *Audit and finance committee activities*
* *Parliamentary committee activities*
* *Development partner oversight activities*
* *Other oversight activities*
1. **Entity Headquarters**

P.O. Box XXXXX

XXX Building/House/Plaza

XXX Avenue/Road/Highway

Nairobi, KENYA

1. **Entity Contacts**

Telephone: (254) XXXXXXXX

E-mail: XXXXXXXX.go.ke

Website: www.go.ke

1. **Entity Bankers**
2. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

1. Kenya Commercial Bank

…

...

…

1. **Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

1. **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

# THE BOARD OF DIRECTORS

|  |  |
| --- | --- |
| 1. Insert each Director’s passport-size photo and name, and key profession/academic qualifications
 | Provide a concise description of each Director’s date of birth, key qualifications and work experience |
| 1. Director 2
 |  |
| 1. Director 3
 |  |
| 1. Director 4
 |  |
| 1. Etc.
 |  |

# MANAGEMENT TEAM

|  |  |
| --- | --- |
| 1. Insert each key manager’s passport-size photo and name, and key profession/academic qualifications
 | Indicate the main area of responsibility – without details |
| 1. Manager 2
 |  |
| 1. Manager 3
 |  |
| 1. Manager 4
 |  |
| 1. Etc.
 |  |
| ***Note:*** *The CEO and the Company Secretary will feature both under the ‘Board’ and ‘Management’.* |

# CHAIRMAN’S STATEMENT

One page

# REPORT OF THE CHIEF EXECUTIVE OFFICER

Two-to-three pages

# CORPORATE GOVERNANCE STATEMENT

Two-to-three pages

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Two-to-three pages

# REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2013 which show the state of the *entity’s* affairs.

**Principal activities**

The principal activities of the entity are (continue to be) ….

**Results**

The results of the entity for the year ended June 30, 2013 are set out on page ….

**Directors**

The members of the Board of Directors who served during the year are shown on page …. In accordance with Regulation … of the *entity’s* Articles of Association, Mr XXX and Ms XXX retire by rotation and, being eligible offer themselves for re-election.

**Auditors**

The Auditor General is responsible for the statutory audit of the *entity* in accordance with the Section … of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

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, 2013.

By Order of the Board

XXX

Corporate Secretary

Nairobi

Date:……….

# STATEMENT OF DIRECTORS’ RESPONSIBILITIES

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

The Directors are 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, 2013. 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 entity; (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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 2013, and of the *entity’s* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, 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.

Nothing has come to the attention of the Directors to indicate that the *entity* 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 *entity’s* financial statements were approved by the Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2014 and signed on its behalf by:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Director Director Director

# REPORT OF THE INDEPENDENT AUDITORS ON THE *ENTITY* (*specify entity name*)

We have audited the accompanying (consolidated) financial statements of *(name of entity) for the year ended June 30, 20XX*, which comprise: (i) a statement of financial performance; (ii) a statement of financial position; (iii) a statement of changes in net assets; (iv) a statement of cash flows; (v) a statement of comparison of budget and actual amounts and (v) a summary of significant accounting policies and other explanatory information.

**Management’s responsibility for the financial statements**

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

**Auditors’ responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the *entity’s* preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 20XX, and its financial performance as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Auditor General Date

# STATEMENT OF FINANCIAL PERFORMANCE

 **For the year ended 30 June 2014**

**Note 2013-2014**  **2012-2013**

 **Kshs** **Kshs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Revenue** **from** **non-exchange** **transactions** |   |   |   | *IPSAS* *1.102* *(a) IPSAS* *1* *108,* *IPSAS* *23.105* *(a)* |
| Property taxes revenue | 3  | XXX | XXX | *IPSAS* *1.104,* *IPSAS1.106,* *IPSAS 23.105(a)* *(i)* |
| Public contributions and donations | 4  | XXX  | XXX  | *IPSAS* *1.104,* *IPSAS1.106,* *IPSAS 23.105* *(a)* *(ii)* |
| Fines, penalties and levies | 5  | XXX | XXX  | *IPSAS* *1.104,* *IPSAS1.106,* *IPSAS 23.105* *(a)* *(i)* |
| Licenses and permits |   | XXX  | XXX  | *IPSAS* *1.104,* *IPSAS1.106,* *IPSAS 23.105(a)* *(i)* |
| Transfers from other governments – gifts and services-in-kind | 6  | XXX  | XXX  | *IPSAS* *1.104,* *IPSAS1.106,* *IPSAS 23.105(a)* *(ii)* |
|   |   | **XXX**  | **XXX**  |   |
| **Revenue** **from** **exchange** **transactions** |   |   |   |   |
| Rendering of services | 7  | XXX  | XXX  | *IPSAS* *9.39* *(b)* *(i)* |
| Sale of water and electricity | 8  | XXX  | XXX  | *IPSAS* *9.39* *(b)* *(ii)* |
| Rental revenue from facilities and equipment | 9  | XXX  | XXX  | *IPSAS* *9.39* *(b)* *(i)* *(ii)* |
| Finance income - external investments | 10  | XXX  | XXX  | *IPSAS* *9.39* *(b)* *(iii)* |
| Finance income - outstanding receivables | 11  | XXX  | XXX  | *IPSAS* *9.39* *(b)* *(iii)* |
| Agency fees |   | XXX  | XXX  | *IPSAS* *1.106* |
| Other income | 12  | XXX  | XXX  | *IPSAS* *1.104* |
|   |   | **XXX** | **XXX**  | *IPSAS* *1* *108* |
| **Total** **revenue** |   | **XXX**  | **XXX**  | *IPSAS* *1.104* |
| **Expenses** |   |   |   |   |
| Bulk purchases of water and electricity | 13  | XXX  | XXX | *IPSAS* *1.109* *-* *112,* *IPSAS* *1.106* |
| Employee costs | 14  | XXX  | XXX  |   |
| Remuneration of councilors | 15  | XXX  | XXX  |   |
| Depreciation and amortization expense | 16  | XXX  | XXX  |   |
| Repairs and maintenance | 17  | XXX  | XXX  |   |
| Contracted services | 18  | XXX  | XXX  |   |
| Grants and subsidies | 19  | XXX  | XXX  |   |
| General expenses | 20  | XXX  | XXX  |   |
| Finance costs | 21  | XXX  | XXX  | *IPSAS* *1* *102* *(b)* |
| Collection cost |   | XXX  | XXX  | *IPSAS* *1.109* *-* *112,* *IPSAS* *1.106* |
| **Total** **expenses** |   | **XXX**  | **XXX**  | *IPSAS* *1.* *104* |
| **Other** **gains/(losses)** |   |   |   | *IPSAS* *1.* *104* |
| Gain on sale of assets | 22  | XXX  | XXX  | *IPSAS* *1.107(c)* |
| Gain on foreign exchange transactions |   | XXX | XXX  | *IPSAS* *1.104* |
| Unrealized gain on fair value of investments | 23  | XXX  | XXX  | *IPSAS* *1.104* |
| Impairment loss | 24  | (XXX) | (XXX) | *IPSAS* *1.107(a)* |
| **Surplus** **before** **tax** |   | **XXX**  | **XXX**  | *IPSAS* *1.102* *(d)* |
| Taxation | 25  | (XXX) | (XXX) | *IPSAS* *1.06* |
| **Surplus** **for** **the** **period** |   | **XXX**  | **XXX**  | *IPSAS* *1.102* *(d)* |
| Attributable to: |   |   |   |   |
| Surplus/(deficit) attributable to minority interest |  | XXX  | (XXX) | *IPSAS* *1.103* *(a),* *IPSAS* *6.54* |
| Surplus attributable to owners of the controlling entity |   | XXX  | XXX  | *IPSAS* *1.103* *(b)* |
|   |   | **XXX**  | **XXX**  |   |

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

# STATEMENT OF FINANCIAL POSITION

 **As at 30 June 2014**

Note 2013-2014 2012-2013

 Kshs Kshs

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assets** |   |   |   |   |
| **Current** **assets** |   |   |   |   |
| Cash and cash equivalents | 26  | XXX | XXX  | *IPSAS* *1.88* *(i)* |
| Receivables from exchange transactions | 27  | XXX  | XXX  | *IPSAS* *1.88* *(h)* |
| Receivables from non-exchange transactions | 28  | XXX  | XXX  | *IPSAS* *1.88* *(g)* |
| Current portion of long-term receivables from exchange transactions | 27  | XXX  | XXX  | *IPSAS* *1.88* *(g)* |
| Inventories | 29  | XXX  | XXX  | *IPSAS* *1.88* *(f)* |
| Investments | 30  | XXX  | XXX  | *IPSAS* *1.88* *(b)* |
|   |   | **XXX**  | **XXX**  | *IPSAS* *1.70,* *IPSAS* *1.76* |
| **Non-current** **assets** |   |   |   |   |
| Property, plant and equipment | 31  | XXX  | XXX  | *IPSAS* *1.88* *(a)* |
| Investments | 30  | XXX  | - | *IPSAS* *1.88* *(e),* *IPSAS* *7.44* |
| Intangible assets | 32  | XXX  | XXX  | *IPSAS* *1.88* *(c)* |
| Investment property | 33  | XXX  | XXX  | *IPSAS* *1.88* *(b)* |
| Long term receivables from exchange transactions | 27  | XXX  | XXX  | *IPSAS* *1.88* *(g)* |
|   |   | XXX  | XXX  | *IPSAS* *1.70,* *IPSAS* *1.76* |
| **Total** **assets** |   | **XXX**  | **XXX**  | *IPSAS* *1.89* |
| **Liabilities** |   |   |   |   |
| **Current** **liabilities** |   |   |   |   |
| Trade and other payables from exchange transactions | 34  | XXX  | XXX  | *IPSAS* *1.88* *(k)* |
| Refundable deposits from customers | 35  | XXX  | XXX  | *IPSAS* *1.89* |
| Provisions | 36  | XXX  | XXX  | *IPSAS* *1.88* *(l)* |
| Finance lease obligation | 41  | - | XXX  |   |
| Current portion of borrowings | 42  | XXX  | XXX  |   |
| Deferred income | 37  | XXX  | XXX  | *IPSAS* *1.89* |
| Employee benefit obligation | 40  | XXX  | XXX  | *IPSAS* *1.88* *(m)* |
| Payments received in advance |   | XXX  | XXX  | *IPSAS* *1.89* |
| Taxation |   | XXX  | XXX  | *IPSAS* *1.88* *(m)* |
|   |   | **XXX**  | **XXX**  | *IPSAS* *1.70* |
| **Non-current** **liabilities** |   |   |   |   |
| Non-current employee benefit obligation | 40  | XXX  | XXX  | *IPSAS* *1.88* *(m)* |
| Non-current provisions | 39  | XXX  | XXX  | *IPSAS* *1.88* *(l)* |
| Borrowings | 42  | XXX  | XXX  |   |
| Service concession liability | 46  | XXX  | - |   |
| Deferred tax liabilities | 25  | XXX  | XXX  |   |
|   |   | **XXX**  | **XXX**  | *IPSAS* *1.70* |
| **Total** **liabilities** |   | **XXX**  | **XXX**  | *IPSAS* *1.89* |
|   |   |  |  |   |
| **Net** **assets** |   | **XXX**  | **XXX**  | *IPSAS* *1.88* *(o)* |
| Reserves |   | XXX  | XXX  | *IPSAS* *1.88* *(o),* *IPSAS* *1.94 (f), IPSAS 1.95 (a)* |
| Accumulated surplus |   | XXX  | XXX  | *IPSAS* *1.88* *(o),* *IPSAS* *1.94 (f), IPSAS 1.95 (a)* |
| Minority interest |   | XXX  | XXX  | *IPSAS* *6.54* |
| **Total** **net** **assets** **and** **liabilities** |   | **XXX**  | **XXX**  | *IPSAS* *1.89* |

The Financial Statements set out on pages xxx to xxx were signed on behalf of the Board of Directors by:

Director General/C.E.O/M.D (enter title of head of entity) Chairman of the Board

Date......................................... Date.................................

# STATEMENT OF CHANGES IN NET ASSETS

 **For the year ended 30 June 2014**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | **Attributable** **to** **the** **owners** **of** **the** **controlling** **entity** |   |   |   |
|   |   | **Reserves** |   |   |   |   |   |
|   | **Self insurance reserve** | **Capital replacement development reserve** | **Housing reserve** | **Accumulated surplus** | **Minority interest** | **Total** |   |
|   | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** | *IPSAS* *1.53,* *63 (d) (e)* |
|   |   |   |   |   |   |   |   |
| **Balance** **as** **at** **30 JUNE 2012** | XXX  | XXX | XXX  | XXX  | XXX  | XXX  |   |
|   |   |   |   |   |   |   |   |
| Surplus/(deficit) for the period | - | - | - | XXX  | (XXX) | XXX  | *IPSAS* *1.118* *(a) (c),* |
| Transfers to/from accumulated surplus | (XXX) | XXX  | XXX  | (XXX) | - | - |   |
| **Balance** **as** **at** **30 JUNE 2013** | **XXX**  | **XXX**  | **XXX**  | **XXX**  | **XXX**  | **XXX**  |   |
|   |  |  |  |  |  |  |   |
| Surplus for the period | - | - | - | XXX  | XXX  | XXX  | *IPSAS 1.118(a)©* |
| Transfers to/from accumulated surplus | (XXX) | XXX  | (XXX) | XXX  | - | - |   |
| **Balance** **as** **at** **30 JUNE 2014** | **XXX**  | **XXX**  | **XXX**  | **XXX**  | **XXX**  | **XXX**  |   |

# STATEMENT OF CASH FLOWS

**Note 2013-2014 2012-2013**

 **Kshs Kshs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash** **flows** **from** **operating** **activities** |   |   |   | ***IPSAS*** ***2.18,*** ***IPSAS*** ***2.27*** |
| **Receipts** |   |   |   |   |
| Property taxes |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a)*** |
| Public contributions and donations |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27(a),*** ***IPSAS*** ***2.22 ©*** |
| Fines, penalties and levies |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27(a),*** ***IPSAS*** ***2.22 (a)*** |
| Licenses and permits |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27(a),*** ***IPSAS*** ***2.22 (b)*** |
| Government grants and subsidies |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27(a),*** ***IPSAS*** ***2.22 (d)*** |
| Rendering of services |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27(a),*** ***IPSAS*** ***2.22 (d)*** |
| Sale of goods |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27(a),*** ***IPSAS*** ***2.22 ©*** |
| Finance income |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a)*** |
| Other income, rentals and agency fees |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a),*** ***IPSAS*** ***2.22 (a)*** |
|   |   | **XXX**  | **XXX**  | ***IPSAS*** ***2.*** ***27*** ***(a)*** |
| **Payments** |   |   |   |   |
| Compensation of employees |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a),*** ***IPSAS*** ***2.22 (g)*** |
| Goods and services |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a),*** ***IPSAS*** ***2.22 (f)*** |
| Finance cost |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a),*** |
| Rent paid |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a),*** ***IPSAS*** ***2.22 (f)*** |
| Taxation paid |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a),*** ***IPSAS*** ***2.22 (i)*** |
| Other payments |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a)*** |
| Grants and subsidies paid |   | XXX  | XXX  | ***IPSAS*** ***2.*** ***27*** ***(a),*** ***IPSAS*** ***2.22 (i)*** |
|   |   | **XXX**  | **XXX**  |   |
| **Net** **cash** **flows** **from** **operating** **activities**  | 45  | **XXX**  | **XXX**  |  |
|   |   |  |  |  |
| Cash flows from investing activities |   |   |   | ***IPSAS*** ***2.18,*** ***IPSAS*** ***2.31*** |
| Purchase of property, plant, equipment and intangible assets | (XXX) | (XXX) | ***IPSAS*** ***2.25*** ***(a)*** |
| Proceeds from sale of property, plant and |   |   |   |   |
| equipment |   | XXX  | XXX  | ***IPSAS*** ***2.25*** ***(b)*** |
| Decrease in non-current receivables |   | XXX  | XXX  |   |
| Increase in investments |   | (XXX) | (XXX) | ***IPSAS*** ***2.25*** ***(c)*** |
| **Net** **cash** **flows** **used** **in** **investing** **activities** |   | **(XXX)** | **(XXX)** |   |
|   |   |  |  |   |
| **Cash** **flows** **from** **financing** **activities** |   |   |   | ***IPSAS*** ***2.18,*** ***IPSAS*** ***2.31 IPSAS 2.26 (a)*** |
| Proceeds from borrowings |   | XXX | XXX |   |
| Repayment of borrowings |   | (XXX) | (XXX) | ***IPSAS*** ***2.26*** ***(b),*** ***IPSAS*** ***2.26 ©*** |
| Increase in deposits |   | XXX  | XXX  |   |
| **Net** **cash** **flows** **used** **in** **financing** **activities** |   | **(XXX)** | **(XXX)** |   |
| **Net** **increase/(decrease)** **in** **cash** **and** **cash equivalents** |   |   |   |
|  |   | **XXX**  | **(XXX)** |   |
| Cash and cash equivalents at 1 JULY | 26  | XXX  | XXX  |   |
| **Cash** **and** **cash** **equivalents** **at** **30 JUNE** | 26  | **XXX**  | **XXX**  | ***IPSAS*** ***2.56*** |

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | **Original** **budget** | **Adjustments** | **Final** **budget** | **Actual** **on comparable basis** | **Performance difference** | *IPSAS* *24.14(a)(b)* |
|   | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | *IPSAS* *1.53,* *63* *(c)* |
| **Revenue** | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** | *IPSAS* *1.53,* *63* *(d)* *(e)* |
| Property taxes | XXX  | - | XXX  | XXX  | (XXX) | *IPSAS* *24.47* *(a)* |
| Public contributions and donations | XXX  | (XXX) | XXX  | XXX  | (XXX) |   |
| Fines, penalties and levies | XXX  | (XXX) | XXX  | XXX  | (XXX) |   |
| Licenses and permits | XXX  | - | XXX  | XXX  | XXX  |   |
| Government grants and subsidies | XXX  | - | XXX  | XXX  | XXX  |   |
| Rendering of services | XXX  | (XXX) | XXX  | XXX  | (XXX) |   |
| Sale of goods | XXX  | - | XXX  | XXX  | (XXX) |   |
| Finance Income | XXX  | - | XXX  | XXX  | XXX  |   |
| Gains on disposal, rental income and agency fees | XXX  | XXX  | XXX  | XXX  | (XXX) |   |
| **Total** **income** | **XXX**  | **(XXX)** | **XXX**  | **XXX**  | **(XXX)** |   |
| **Expenses** |   |   |   |   |   |   |
| Compensation of employees | XXX  | - | XXX  | XXX  | (XXX) |   |
| Goods and services | XXX  | (XXX) | XXX  | XXX  | (XXX) |   |
| Finance cost | XXX  | (XXX) | XXX  | XXX  | (XXX) |   |
| Rent paid | XXX  | (XXX) | XXX  | XXX  | - |   |
| Taxation paid | XXX  | XXX  | XXX  | XXX  | XXX  |   |
| Other payments | XXX  | - | XXX  | XXX  | (XXX) |   |
| Grants and subsidies paid | XXX  | - | XXX  | XXX  | - |   |
| **Total** **expenditure** | **XXX**  | **(XXX)** | **XXX**  | **XXX**  | **(XXX)** |   |
| **Surplus** **for** **the** **period** | **XXX**  | **XXX**  | **XXX**  | **XXX**  | **XXX**  |   |

# NOTES TO THE FINANCIAL STATEMENTS

1. **Statement of compliance and basis of preparation – IPSAS 1**

The entity’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). 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.

1. **Summary of significant accounting policies**

**a) Revenue recognition**

1. **Revenue from non-exchange transactions – IPSAS 23**

**Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

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

1. **Revenue from exchange transactions – IPSAS 9**

***Rendering of services***

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

***Sale of goods***

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

***Interest income***

Interest income is accrued using the effective 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.

***Dividends***

Dividends or similar distributions must be recognized when the shareholder’s or the entity’s right to receive payments is established.

***Rental income***

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information – IPSAS 24**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**c) Taxes – IAS 12**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

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

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

* When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
* When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property – IPSAS 16**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment – IPSAS 17**

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

**f) Leases – IPSAS 13**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets – IPSAS 31**

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

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

1. **Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

* The technical feasibility of completing the asset so that the asset will be available for use or sale
* Its intention to complete and its ability to use or sell the asset
* How the asset will generate future economic benefits or service potential
* The availability of resources to complete the asset
* The ability to measure reliably the expenditure during development

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

**h) Financial instruments – IPSAS 29**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

***Held-to-maturity***

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

***Impairment of financial assets***

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

* The debtors or a entity of debtors are experiencing significant financial difficulty
* Default or delinquency in interest or principal payments
* The probability that debtors will enter bankruptcy or other financial reorganization
* Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)
1. ***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.

IPSAS 29.65

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

**i) Inventories – IPSAS 12**

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

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

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

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

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

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

**j) Provisions – IPSAS 19**

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.

***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.

**k) 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.

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

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

**m) Employee benefits – IPSAS 25**

**Retirement benefit plans**

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

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

**n) Foreign currency transactions – IPSAS 4**

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

**o) Borrowing costs – IPSAS 5**

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.

**p) Related parties – IPSAS 20**

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 councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

**q) Service concession arrangements – IPSAS 32**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the

appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than ’whole-of-life’ assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**r)** **Cash and cash equivalents**

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

**s)** **Comparative figures**

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

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

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 36.

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

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are

rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

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

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

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

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

**u)** **Subsequent events – IPSAS 14**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **3.** **Property** **taxes** **revenue** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
| **Actual** | **Shs 000** | **Shs 000** |  |  |  |  |
| **Taxable** **land** **and** **buildings** |  |  |  |  |  |  |
| Residential | XXX | XXX |  |  |  |  |
| Commercial | XXX | XXX |  |  |  |  |
| State | XXX | XXX |  |  |  |  |
| Penalties | XXX | XXX |  |  |  |  |
|  | **XXX** | **XXX** |  |  |  |  |
| Income forgone | (XXX) | (XXX) |  |  |  |  |
| **Total** **property** **taxes** **revenue** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **4.** **Public** **contributions** **and** **donations** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| The Green Belt Movement | XXX | XXX |  |  |  |  |
| Other | XXX | XXX |  |  |  |  |
| **Total** **transfers** **and** **sponsorships** | **XXX** | **XXX** |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| **Reconciliation** **of** **public** **contributions** **and** **donations** |  |  |  |  |  |  |
| **Balance** **unspent** **at** **beginning** **of** **year** | XXX | XXX |  |  |  |  |
| Current year receipts | XXX | - |  |  |  |  |
| Conditions met - transferred to revenue | (XXX) | (XXX) |  |  |  |  |
| **Conditions** **to** **be** **met** **-** **remain** **liabilities** **(see** **note** **37)** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **5.** **Fines,** **penalties** **and** **levies** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Fuel levy | XXX | XXX |  |  |  |  |
| Fines | XXX | XXX |  |  |  |  |
| **Total** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| **Unconditional** **grants** |  |  |  |  |  |  |
| Operational grant | XXX | XXX |  |  |  |  |
| Other | - | XXX |  |  |  |  |
|  | **XXX** | **XXX** |  |  |  |  |
| **Conditional** **grants** |  |  |  |  |  |  |
| National housing grant | - | XXX |  |  |  |  |
| National infrastructure grant | XXX | XXX |  |  |  |  |
| Provincial health grant | - | XXX |  |  |  |  |
| Social services grant | XXX | XXX |  |  |  |  |
| Basic services subsidy | XXX | XXX |  |  |  |  |
| Transportation fund (international funding) | XXX | XXX |  |  |  |  |
| Other organizational grants | XXX | XXX |  |  |  |  |
|  | **XXX** | **XXX** |  |  |  |  |
| **Total** **government** **grants** **and** **subsidies** | **XXX** | **XXX** |  |  |  |  |
| **7.** **Rendering** **of** **services** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Waste management (solid waste) | XXX | XXX |  |  |  |  |
| Waste management (sewerage and sanitation) | XXX | XXX |  |  |  |  |
| Other | XXX | XXX |  |  |  |  |
| **Total** **revenue** **from** **the** **rendering** **of** **services** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **8.** **Sale** **of** **water** **and** **electricity** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Sale of electricity | XXX | XXX |  |  |  |  |
| Sale of water | XXX | XXX |  |  |  |  |
| **Total** **revenue** **from** **the** **sale** **of** **goods** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **9.** **Rental** **revenue** **from** **facilities** **and** **equipment** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Straight-lined operating lease receipts | XXX | XXX |  |  |  |  |
| Contingent rentals | XXX | XXX |  |  |  |  |
| **Total** **rentals** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **10.** **Finance** **income** **-** **external** **investments** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Cash investments and fixed deposits | XXX | XXX |  |  |  |  |
| **Total** **finance** **income** **–** **external** **investments** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **11.** **Finance** **income** **-** **outstanding** **receivables** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Service, water and electricity debtors | XXX | XXX |  |  |  |  |
| **Total receivables finance** **income** **–** **outstanding** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **12.** **Other** **income** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Insurance recoveries | XXX | XXX |  |  |  |  |
| Bulk infrastructure levies | XXX | XXX |  |  |  |  |
| Infrastructure improvement fee | XXX | XXX |  |  |  |  |
| Other income | XXX | XXX |  |  |  |  |
| Services concession income | XXX | - |  |  |  |  |
| Skills development levy | XXX | XXX |  |  |  |  |
| **Total** **other** **income** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **13.** **Bulk** **purchases** **of** **water** **and** **electricity** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Electricity | XXX | XXX |  |  |  |  |
| Water | XXX | XXX |  |  |  |  |
| **Total** **bulk** **purchases** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **14.** **Employee** **costs** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Employee related costs - salaries and wages | XXX | XXX |  |  |  |  |
| Employee related costs - contributions to pensions and |  |  |  |  |  |  |
| medical aids | XXX | XXX |  |  |  |  |
| Travel, motor car, accommodation, subsistence and other |  |  |  |  |  |  |
| allowances | XXX | XXX |  |  |  |  |
| Housing benefits and allowances | XXX | XXX |  |  |  |  |
| Overtime payments | XXX | XXX |  |  |  |  |
| Performance and other bonuses | - | XXX |  |  |  |  |
| Contribution - long service awards | XXX | XXX |  |  |  |  |
| Expenditure recharged to capital projects | (XXX) | (XXX) |  |  |  |  |
| **Employee** **costs** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **15.** **Remuneration** **of** **councillors** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Executive mayor | XXX | XXX |  |  |  |  |
| Deputy executive mayor | XXX | XXX |  |  |  |  |
| Speaker | XXX | XXX |  |  |  |  |
| Chief whip | XXX | XXX |  |  |  |  |
| Mayoral committee members | XXX | XXX |  |  |  |  |
| Sub-council chairpersons | XXX | XXX |  |  |  |  |
| Councillors | XXX | XXX |  |  |  |  |
| Councillors’ pension and medical aid contributions | XXX | XXX |  |  |  |  |
| Councillors’ travel | XXX | XXX |  |  |  |  |
| **Total** **councillors’** **remuneration** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **16.** **Depreciation** **and** **amortization** **expense** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Property, plant and equipment | XXX | XXX |  |  |  |  |
| Intangible assets | XXX | XXX |  |  |  |  |
| Investment property carried at cost | XXX | XXX |  |  |  |  |
| **Total** **depreciation** **and** **amortization** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **17.** **Repairs** **and** **maintenance** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Property | XXX | XXX |  |  |  |  |
| Investment property – earning rentals | XXX | XXX |  |  |  |  |
| Equipment | XXX | XXX |  |  |  |  |
| Vehicles | XXX | XXX |  |  |  |  |
| Other | XXX | XXX |  |  |  |  |
| **Total** **repairs** **and** **maintenance** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **18.** **Contracted** **services** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Actuarial valuations | XXX | XXX |  |  |  |  |
| Investment valuations | XXX | XXX |  |  |  |  |
| Property valuations | XXX | XXX |  |  |  |  |
| **Total** **contracted** **services** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **19.** **Grants** **and** **subsidies** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Community development | XXX | - |  |  |  |  |
| Education initiatives and programs | XXX | - |  |  |  |  |
| Social development | XXX | XXX |  |  |  |  |
| Community trust | XXX | XXX |  |  |  |  |
| Sporting bodies | XXX | XXX |  |  |  |  |
| **Total** **grants** **and** **subsidies** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **20.** **General** **expenses** |  |  |  |  |  |  |
| **The** **following** **are** **included** **in** **general** **expenses:** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Advertising | XXX | XXX |  |  |  |  |
| Admin fees | XXX | XXX |  |  |  |  |
| Audit fees | XXX | XXX |  |  |  |  |
| Conferences and delegations | XXX | XXX |  |  |  |  |
| Consulting fees | XXX | XXX |  |  |  |  |
| Consumables | XXX | XXX |  |  |  |  |
| Electricity | XXX | XXX |  |  |  |  |
| Fuel and oil | XXX | XXX |  |  |  |  |
| Insurance | XXX | XXX |  |  |  |  |
| Legal expenses | XXX | XXX |  |  |  |  |
| Licenses and permits | XXX | XXX |  |  |  |  |
| Chemicals | XXX | XXX |  |  |  |  |
| Water purification cost | XXX | XXX |  |  |  |  |
| Postage | XXX | XXX |  |  |  |  |
| Printing and stationery | XXX | XXX |  |  |  |  |
| Hire charges | XXX | XXX |  |  |  |  |
| Rental | XXX | XXX |  |  |  |  |
| Security costs | XXX | XXX |  |  |  |  |
| Sewage treatment costs | XXX | XXX |  |  |  |  |
| Skills development levies | XXX | XXX |  |  |  |  |
| Inventory scrapping | XXX | XXX |  |  |  |  |
| Telecommunication | XXX | XXX |  |  |  |  |
| Training | XXX | XXX |  |  |  |  |
| Other | XXX | XXX |  |  |  |  |
| **Total** **general** **expenses** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **21.** **Finance** **costs** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Borrowings (amortized cost) | XXX | XXX |  |  |  |  |
| Finance leases (amortized cost) | XXX | XXX |  |  |  |  |
| Unwinding of discount | XXX | XXX |  |  |  |  |
| Bank overdrafts | XXX | XXX |  |  |  |  |
| **Total** **finance** **costs** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **22.** **Gain** **on** **sale** **of** **assets** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Property, plant and equipment | XXX | XXX |  |  |  |  |
| Other assets | XXX | XXX |  |  |  |  |
| **Total** **gain** **on** **sale** **of** **assets** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **23.** **Unrealized** **gain** **on** **fair** **value** **of** **investments** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Investments at fair value | XXX | XXX |  |  |  |  |
| **Total** **unrealized** **gain** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **24.** **Impairment** **loss** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Property, plant and equipment | XXX | XXX |  |  |  |  |
| Intangible assets | XXX | - |  |  |  |  |
|  |  |  |  |  |
| **Total** **impairment** **loss** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **25.** **Taxation** |  |  |  |  |
|  |  | **2014**  |  | **2013**  |
|  |  | **Shs 000** |  | **Shs 000** |
| **Current** **income** **tax:** |  |  |  |  |
| Current income tax charge |  | XXX |  | XXX |
| **Deferred** **tax:** |  |  |  |  |
| Relating to original and reversal of temporary differences | (XXX) |  | (XXX) |
| **Income tax expense reported in the statement of financial performance** |  | **XXX** |   | **XXX** |
| The reconciliations between tax expense and the product of accounting profit multiplied by the Entity's tax |  |  |  |  |
| rate for the years ended 30 June 2014 and 2013 are as follows: |  |  |  |
|  |  | **2014**  |  | **2013**  |
|  |  | **Shs 000** |  | **Shs 000** |
| **Accounting** **surplus** **before** **income** **tax** |  | **XXX** |  | **XXX** |
| Income tax at a rate of X % |  | XXX |  | XXX |
| Government grants exempt from tax |  | (XXX) |  | (XXX) |
| Fines, penalties and levy’s |  | (XXX) |  | (XXX) |
| Non-deductible expenses: |  |  |  |  |
| Depreciation and amortization |  | XXX |  | XXX |
| Impairment losses |  | XXX |  | XXX |
| Legal expenses |  | XXX |  | XXX |
| Grants and subsidies paid |  | XXX |  | XXX |
| Skills’ development levy |  | XXX |  | XXX |
| Hire charges |  | XXX |  | XXX |
| Other non-deductible expenses |  | XXX |  | XXX |
| **At the effective tax rate of A % (2013: B %)** |  | **XXX** |   | **XXX** |
| Deferred tax relates to the following: |  |  |  |  |
|  | **Statement** **of** |  | **Statement** **of** |
|  | **financial** **position** |  | **financial** **performance** |
|  |  |  |  |  |
|  | **2014**  | **2013**  | **2014**  | **2013**  |
|  | **Shs 000** | **Shs 000** | **Shs 000** | **Shs 000** |
| Accelerated depreciation for tax purposes | (XXX) | (XXX) | (XXX) | (XXX) |
| Revaluation of investments to fair value | (XXX) | (XXX) | (XXX) | (XXX) |
| Post employment benefits | (XXX) | (XXX) | (XXX) | (XXX) |
| **Deferred** **tax** **(income)** |  |  | **(XXX)** | **(XXX)** |
| **Deferred** **tax** **(liabilities)** | **(XXX)** | **(XXX)** |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **26.** **Cash** **and** **cash** **equivalents** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Bank | XXX | XXX |  |  |  |  |
| Cash-on-hand and in transit | XXX | XXX |  |  |  |  |
| Short-term deposits | XXX | XXX |  |  |  |  |
| **Total** **cash** **and** **cash** **equivalents** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **27.** **Receivables** **from** **exchange** **transactions** |  |  |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
| **Current** **receivables** | **Shs 000** | **Shs 000** |  |  |  |  |
| Service, water and electricity debtors | XXX | XXX |  |  |  |  |
| Other exchange debtors | XXX | XXX |  |  |  |  |
| Less: impairment allowance | (XXX) | (XXX) |  |  |  |  |
| **Total** **current** **receivables** | **XXX** | **XXX** |  |  |  |  |
| **Non-current** **receivables** |  |  |  |  |  |  |
| Sporting bodies | XXX | XXX |  |  |  |  |
| Public organizations | XXX | XXX |  |  |  |  |
| Less: impairment allowance | (XXX) | (XXX) |  |  |  |  |
|  | XXX | XXX |  |  |  |  |
| Current portion transferred to current receivables | (XXX) | (XXX) |  |  |  |  |
| **Total** **non-current** **receivables** | **XXX** | **XXX** |  |  |  |  |
| **Total** **receivables** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **28.** **Receivables** **from** **non-exchange** **contracts** |  |  |  |  |  |  |
| **Current** **receivables** | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| Property tax debtors | XXX | XXX |  |  |  |  |
| Other debtors (non-exchange transactions) | XXX | XXX |  |  |  |  |
| Less: impairment allowance | (XXX) | (XXX) |  |  |  |  |
| **Total** **current** **receivables** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **29.** **Inventories** |  |  |  |  |
|  |  | **2014**  |  | **2013**  |
|  |  | **Shs 000** |  | **Shs 000** |
| Consumable stores |  | XXX |  | XXX |
| Medical supplies |  | XXX |  | XXX |
| Spare parts and meters |  | XXX |  | XXX |
| Water for distribution |  | XXX |  | XXX |
| Other goods held for resale |  | XXX |  | XXX |
| Catering |  | - |  | XXX |
| **Total** **inventories** **at** **the** **lower** **of** **cost** **and** **net** **realizable** **value** |  | **XXX** |  | **XXX** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **30.** **Investments** |  |  |  |  |  |  |
|  |  |  |  |  |
|  | **Carrying** |  |  |  |  |  |
|  | **amount** | **Fair** **value** |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
|  |  |  |  |  |
| **Public** **traded** **government** **bonds** |  |  |  |  |  |  |
| **Opening** **balance** **at** **1** **July** **2012** | **XXX** | **XXX** |  |  |  |  |
| Additional investments made | XXX | XXX |  |  |  |  |
| Fair value increase | XXX | XXX |  |  |  |  |
| **At** **30 June** **2013** | **XXX** | **XXX** |  |  |  |  |
| Additional investments made | XXX | XXX |  |  |  |  |
| Fair value increase | XXX | XXX |  |  |  |  |
| **At** **30 June** **2014** | **XXX** | **XXX** |  |  |  |  |
| **Held-to-maturity** **financial** **instruments** |  |  |  |  |  |  |
| **Fixed** **deposits** |  |  |  |  |  |  |
| **Opening** **balance** **at** **1** **July** **2012** | **XXX** | **XXX** |  |  |  |  |
| Additional investments made | XXX | XXX |  |  |  |  |
| Interest capitalized | XXX | XXX |  |  |  |  |
| **At** **30 June** **2013** | **XXX** | **XXX** |  |  |  |  |
| Additional investments made | XXX | XXX |  |  |  |  |
| Interest capitalized | XXX | XXX |  |  |  |  |
| **At** **30 June** **2014** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |
| **Public** **traded** **government** **bonds** |  |  |  |  |  |  |
| **Opening** **balance** **at** **1** **July** **2012** | - | - |  |  |  |  |
| Additional investments made | - | - |  |  |  |  |
| Fair value increase | - | - |  |  |  |  |
| **At** **30 June** **2013** | - | - |  |  |  |  |
| Additional investments made | XXX | XXX |  |  |  |  |
| Fair value increase | XXX | XXX |  |  |  |  |
| **At** **30 June** **2014** | **XXX** | **XXX** |  |  |  |  |
| **Held-to-maturity** **financial** **instruments** |  |  |  |  |  |  |
| **Fixed** **deposits** |  |  |  |  |  |  |
| **Opening** **balance** **at** **1** **July** **2012** | - | - |  |  |  |  |
| Additional investments made | - | - |  |  |  |  |
| Interest capitalized | - | - |  |  |  |  |
| **At** **30 June** **2013** | - | - |  |  |  |  |
| Additional investments made | XXX | XXX |  |  |  |  |
| Interest capitalized | XXX | XXX |  |  |  |  |
| **At** **30 June** **2014** | **XXX** | **XXX** |  |  |  |  |
|  | **2014**  | **2013**  |  |  |  |  |
|  | **Shs 000** | **Shs 000** |  |  |  |  |
| **Total** **current** **investments** | **XXX** | **XXX** |  |  |  |  |
| **Total** **non-current** **investments** | **XXX** | **-** |  |  |  |  |
| **Total** **investments** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **31.** **Property,** **plant** **and** **equipment** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Service** |  |  |
|  | **Land** **and** |  |  | **Leased** |  | **concession** | **Housing** |  |
|  | **Buildings** | **Infrastructure** | **Community** | **assets** | **Other** | **assets** | **rental** **stock** | **Total** |
| **Cost** | **Shs 000** | **Shs 000** | **Shs 000** | **Shs 000** | **Shs 000** | **Shs 000** | **Shs 000** | **Shs 000** |
| At 1 July 2012 | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| Additions | XXX | XXX | XXX | **-** | **XXX** | **-** | **XXX** | **XXX** |
| Disposals | (XXX) | (XXX) | **-** | **-** | (XXX) | **-** | (XXX) | **(XXX)** |
| Transfers/adjustments | XXX | (XXX) | **XXX** | (XXX) | (XXX) | **-** | **XXX** | **(XXX)** |
| **At** **30 June** **2013** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| Additions | XXX | XXX | XXX | - | XXX | XXX | XXX | **XXX** |
| Disposals | (XXX) | - | - | - | (XXX) | - | (XXX) | **(XXX)** |
| Transfer/adjustments | (XXX) | XXX | XXX | (XXX) | (XXX) | - | XXX | **(XXX)** |
| **At** **30 June** **2014** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| **Depreciation** **and** **impairment** |  |  |  |  |  |  |  |  |
| At 1 July 2012 | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) | - | (XXX) | **(XXX)** |
| Depreciation | (XXX) | (XXX) | (XXX) | (XXX) | (XXX) | - | (XXX) | **(XXX)** |
| Impairment | (XXX) | - | - | - | (XXX) | - | - | **(XXX)** |
| **At** **30 June** **2013** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| Depreciation | (XXX) | (XXX) | (XXX) | - | (XXX) | (XXX) | (XXX) | **(XXX)** |
| Disposals | XXX | - | - | - | XXX | - | XXX | **XXX** |
| Impairment | (XXX) | (XXX) | - | - | (XXX) | - | - | **(XXX)** |
| Transfer/adjustment | XXX | (XXX) | (XXX) | XXX | (XXX) | - | (XXX) | **XXX** |
| **At** **30 June** **2014** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| **Net** **book** **values** |  |  |  |  |  |  |  |  |
| **At** **30 June** **2014** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
| **At** **30 June** **2013** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** | **XXX** |
|  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **32.** **Intangible** **assets** **-** **software** |  |  |  |  |  |  |  |  |
| **Cost** |  |  |  | **Shs 000** |  |  |  |  |
| **At** **1** **July** **2012** |  |  |  | **XXX** |  |  |  |  |
| Additions |  |  |  | XXX |  |  |  |  |
| **At** **30 June** **2013** |  |  |  | **XXX** |  |  |  |  |
| Additions – internal development |  |  |  | XXX |  |  |  |  |
| **At** **30 June** **2014** |  |  |  | **XXX** |  |  |  |  |
| **Amortization** **and** **impairment** |  |  |  |  |  |  |  |  |
| **At** **1** **July** **2012** |  |  |  | **(XXX)** |  |  |  |  |
| Amortization |  |  |  | (XXX) |  |  |  |  |
| **At** **30 June** **2013** |  |  |  | **(XXX)** |  |  |  |  |
| Amortization |  |  |  | (XXX) |  |  |  |  |
| Impairment loss |  |  |  | (XXX) |  |  |  |  |
| **At** **30 June** **2014** |  |  |  | **(XXX)** |  |  |  |  |
| **Net** **book** **values** |  |  |  |  |  |  |  |  |
| **At** **30 June** **2014** |  |  |  | **XXX** |  |  |  |  |
| **At** **30 June 2013** |  |  |  | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **33.** **Investment** **property** |  |  |  |  |  |  |  |  |
|  |  | **2014**  |  | **2013**  |  |  |  |  |
|  |  | **Shs 000** |  | **Shs 000** |  |  |  |  |
| **Opening** **balance** **at** **1** **July** |  | **XXX** |  | **XXX** |  |  |  |  |
| Additions |  | XXX |  | XXX |  |  |  |  |
| Depreciation |  | (XXX) |  | (XXX) |  |  |  |  |
| **Closing** **balance** **at** **30 June** |  | **XXX** |  | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **34.** **Trade** **and** **other** **payables** **from** **exchange** **transactions** |  |  |  |  |  |  |  |
|  |  | **2014**  |  | **2013**  |  |  |  |  |
|  |  | **Shs 000** |  | **Shs 000** |  |  |  |  |
| Trade payables |  | XXX |  | XXX |  |  |  |  |
| Payments received in advance |  | XXX |  | XXX |  |  |  |  |
| Employee advances |  | XXX |  | XXX |  |  |  |  |
| Third-party payments |  | XXX |  | XXX |  |  |  |  |
| Other payables |  | XXX |  | XXX |  |  |  |  |
| **Total** **trade** **and** **other** **payables** |  | **XXX** |  | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **35.** **Refundable** **deposits** **from** **customers** |  |  |  |  |  |  |  |  |
|  |  | **2014**  |  | **2013**  |  |  |  |  |
|  |  | **Shs 000** |  | **Shs 000** |  |  |  |  |
| Consumer deposits |  | XXX |  | XXX |  |  |  |  |
| Other deposits |  | XXX |  | XXX |  |  |  |  |
| **Total** **deposits** |  | **XXX** |  | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **36.** **Current** **provisions** |  |  |  |  |  |  |  |  |
|  | **Environmental** | **Leave** | **Performance** |  |  |  |  |
|  | **rehabilitation** | **benefits** | **bonuses** | **Total** |  |  |  |  |
|  | **Shs 000** | **Shs 000** | **Shs 000** | **Shs 000** |  |  |  |  |
| Balance at the beginning of the year | XXX | XXX | XXX | **XXX** |  |  |  |  |
| Additional provisions raised | XXX | XXX | XXX | **XXX** |  |  |  |  |
| Provision utilized | (XXX) | (XXX) | (XXX) | **(XXX)** |  |  |  |  |
| Change in provision due to change in |  |  |  |  |  |  |  |  |
| discount factor and time value of money | (XXX) | (XXX) | XXX | **(XXX)** |  |  |  |  |
| Transferred from non-current provisions | XXX | - | - | **XXX** |  |  |  |  |
| **Balance** **as** **at** **30 June** **2014** | **XXX** | **XXX** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **37.** **Deferred** **income** |  |  |  |  |  |  |  |  |
|  |  | **2014**  |  | **2013**  |  |  |  |  |
|  |  | **Shs 000** |  | **Shs 000** |  |  |  |  |
| National government |  | XXX |  | XXX |  |  |  |  |
| International funders |  | XXX |  | XXX |  |  |  |  |
| Public contributions and donations |  | XXX |  | XXX |  |  |  |  |
| **Total** **deferred** **income** |  | **XXX** |  | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **38.** **Financial** **instruments** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| *Show workings if applicable* |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **39.** **Non-current** **provisions** |  |  |  |  |  |  |  |  |
|  |  | **Long** **service** | **Environmental** |  |  |  |  |
|  |  | **leave** | **rehabilitation** | **Total** |  |  |  |  |
|  |  | **Shs 000** | **Shs 000** | **Shs 000** |  |  |  |  |
| Balance at the beginning of the year |  | XXX | XXX | **XXX** |  |  |  |  |
| Additional provisions raised |  | XXX | XXX | **XXX** |  |  |  |  |
| Increase due to unwinding of time value for |  |  |  |  |  |  |  |  |
| money |  | XXX | XXX | **XXX** |  |  |  |  |
| Amounts used |  | (XXX) | (XXX) | **(XXX)** |  |  |  |  |
| Increase due to increase in input costs |  |  |  |  |  |  |  |  |
| assumption |  | XXX | XXX | **XXX** |  |  |  |  |
|  |  | XXX | XXX | **XXX** |  |  |  |  |
| Less: current portion |  | - | (XXX) | **(XXX)** |  |  |  |  |
| **Non-current** **provisions** |  | **XXX** | **XXX** | **XXX** |  |  |  |  |
| **40.** **Pensions** **and** **other** **post-employment** **benefit** **plans** |  |  |  |  |  |  |  |  |
|  |  |  | **Post** |  |  |  |  |  |
|  |  |  | **employment** |  |  |  |  |
|  |  | **Defined** | **medical** |  |  |  |  |  |
|  |  | **benefit** **plan** | **benefits** | **Total** |  |  |  |  |
|  |  | **Shs 000** | **Shs 000** | **Shs 000** |  |  |  |  |
| Current benefit obligation |  | XXX | XXX | **XXX** |  |  |  |  |
| Non-current benefit obligation |  | XXX | XXX | **XXX** |  |  |  |  |
| **Total** **employee** **benefit** **liability** |  | **XXX** | **XXX** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **41.** **Finance** **lease** **obligation** |  |  |  |  |  |  |  |  |
| **Amounts** **payable** **under** **finance** **leases** |  |  |  |  |  |  |  |  |
|  |  |  |  | **Present** **value** |  |  |  |  |
|  |  | **Minimum** **lease** | **Future** **finance** | **of** **minimum** |  |  |  |  |
| **2013**  |  | **payments** | **charges** | **lease** **payments** |  |  |  |  |
|  |  | **Shs 000** | **Shs 000** | **Shs 000** |  |  |  |  |
| Within one year (current portion) |  | **XXX** | **(XXX)** | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **42.** **Borrowings** |  |  |  |  |  |  |  |  |
|  |  | **2014**  |  | **2013**  |  |  |  |  |
|  |  | **Shs 000** |  | **Shs 000** |  |  |  |  |
| Government bonds issued |  | XXX |  | XXX |  |  |  |  |
| Bank loans |  | XXX |  | XXX |  |  |  |  |
|  |  | **XXX** |  | **XXX** |  |  |  |  |
| **Less:** **total** **current** **portion** **of** **bank** **loans** |  | **(XXX)** |  | **(XXX)** |  |  |  |  |
| **Total** **non-current** **borrowings** |  | **XXX** |  | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **43.** **Related** **party** **disclosures** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| *Show workings if applicable* |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **44.** **Commitments** **and** **contingencies** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| *Show workings if applicable* |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **45.** **Cash** **generated** **from** **operations** |  |  |  |  |  |  |  |  |
|  |  | **2014**  |  | **2013**  |  |  |  |  |
|  |  | **Shs 000** |  | **Shs 000** |  |  |  |  |
| **Surplus** **for** **the** **year** **before** **tax** |  | **XXX** |  | **1,832,538**  |  |  |  |  |
| Adjusted for: |  |  |  |  |  |  |  |  |
| Depreciation |  | XXX |  | XXX |  |  |  |  |
| Non-cash grants received |  | (XXX) |  | (XXX) |  |  |  |  |
| Contributed assets |  | (XXX) |  | - |  |  |  |  |
| Impairment |  | XXX |  | XXX |  |  |  |  |
| Gains and losses on disposal of assets |  | (XXX) |  | (XXX) |  |  |  |  |
| Contribution to provisions |  | XXX |  | XXX |  |  |  |  |
| Contribution to impairment allowance |  | XXX |  | XXX |  |  |  |  |
| Finance income |  | (XXX) |  | (XXX) |  |  |  |  |
| Finance cost |  | XXX |  | XXX |  |  |  |  |
| **Working** **capital** **adjustments:** |  |  |  |  |  |  |  |  |
| Increase in inventory |  | (XXX) |  | (XXX) |  |  |  |  |
| Increase in receivables |  | (XXX) |  | (XXX) |  |  |  |  |
| Increase in deferred income |  | XXX |  | XXX |  |  |  |  |
| Increase in payables |  | XXX |  | XXX |  |  |  |  |
| Increase in payments received in advance |  | XXX |  | XXX |  |  |  |  |
| **Net** **cash** **flows** **from** **operating** **activities** |  | **XXX** |  | **XXX** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **46.** **Service** **concession** **arrangement** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | **2014**  |  | **2013**  |  |  |  |  |
|  |  | **Shs 000** |  | **Shs 000** |  |  |  |  |
| Fair value of service concession assets recognized in property, plant |  |  |  |  |  |  |  |
| and equipment – infrastructure (see note 31) |  | XXX |  | - |  |  |  |  |
| Accumulated depreciation to-date |  | (XXX) |  | - |  |  |  |  |
| Net carrying amount |  | XXX |  | - |  |  |  |  |
| Service concession liability - opening |  | XXX |  | - |  |  |  |  |
| Service concession revenue recognized |  | (XXX) |  | - |  |  |  |  |
| Service concession liability - closing |  | XXX |  | - |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **47.** **Segment** **information** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| *Show workings if applicable* |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **48.** **Events** **after** **the** **reporting** **period** |  |  |  |  |  |  |  |  |
| There are no material non-adjusting events after the reporting date. |  |  |  |  |  |  |  |

# 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)*** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
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|  |  |  |  |  |  |

***Guidance Notes:***

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Director General/C.E.O/M.D (enter title of head of entity) Chairman of the Board

Date......................................... Date.................................