

SPECIAL ISSUE



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THE LOCAL GOVERNMENT ACT

(Cap. 265)

STATUTORY FINANCIAL REPORTING TEMPLATE

IN EXERCISE of the powers conferred by section 229 (2) of the Local Government Act, the Deputy Prime Minister and Minister for Local Government approves the Financial Reporting Template for Local Authorities 2008 as guidelines for the preparation of annual statement of accounts by local authorities.

INTRODUCTION

Every local authority (city, municipal, town and county council) should prepare and issue an annual financial report that can easily be read and understood. The basic sources of guidance on the requirements of the issuance of this annual financial report are the International Public Sector Accounting Standards (IPSAS) and the provisions of the Local Government Act Cap 265.

This template sets out the minimum disclosures that the financial statements of local authorities, irrespective of the nature and size, need to comply with.

In addition to the template, there are several other documents that the chief officers, treasurers and other staff in the local authorities are expected to be familiar with to adequately prepare annual financial reports. These include:

- Financial Management Regulations, 2007
- Kenya National Audit Act, 2003
- Treasurers Manual, 2006
- Budget Guidelines and Procedures

In complying with the provisions of this template, Treasurers will be required to rely on the accounting codes as provided for in the chart of accounts. The accounting codes are standardised in line with the provisions of the Local Government budgeting system. The codes as provided in the budget with cost centres/departments form the basis under which payments incurred are debited against in the financial statements. Therefore, the use of codified accounting systems is to enable Local Authorities to have reliable comparison for performance between actual and budgeted provision by appropriating expenses against the right codes. In this process the Treasurer is to ensure that any major deviation from the budgeted provisions are disclosed in the accounts and included in the Treasurer's report with explanations.

The Templates as set out in the following pages provide the framework for financial reporting and should be used by all councils and they are designed to cater for all foreseeable eventualities. Under these circumstances it is unlikely that any LA will need to use all the items shown in the templates, and will need to replace some of the examples given to fit their particular circumstances.

Where in doubt about the interpretation of a template or how particular circumstances fit with the guidance given then the Treasurer should consult initially with the PLGO or the Director of Local Authority Inspectorate in the Ministry of Local Government, or with KENAO.

AUTHORITY

This template has been issued under the authority of Section 229 (2) of the Local Government Act, Cap 265 which stipulates that the "annual statement of account shall be prepared in such form and shall contain such particulars as the Minister may by rule prescribe."

Responsibility Statement

NAME OF LOCAL AUTHORITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 20XX

We are responsible for the preparation of these annual financial statements, which are set out on pages x to x, in accordance with the Local Government Act Cap. 265, the Local Authority Financial Management Regulations 2007 section C3, and the Public Audit Act 2003 sections 21 and 22 which we have signed on behalf of the Council of

Name

Treasurer

Name

Clerk

Date:.....

Date:.....

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1. TREASURER'S REPORT

The Treasurer's Report contains:

- An overview of general financial performance for the year compared to the previous year and the budget, as well as general factors affecting the financial performance.
- Summary of operating results at corporate and service levels.
- A summary of implementation of capital projects budgeted for the year

Corporate Results

	Actual	Actual	Variance	Budget	Variance
	20X4	20X5	20X4/5	20X5	20X5
	KSh.	KSh.	KSh.	KSh.	KSh.
Operating Revenue for the year	X	X	X	X	X
Operating Expenses for the year	X	X	X	X	X
Operating Surplus/(Deficit) for the year	X	X	X	X	X

Explanatory comments on:

- Decrease in operating revenue if any.
- Increase/(Decrease) in operating expenses of material.
- Deficit for the year if any.
- Controlled entities results.

Fund or Service Operating Results Summary

A summary of revenue and expenditure, by department, by service delivered and by fund.

Capital Expenditure

Capital expenditure on fixed assets during the year should be disclosed showing:

- Actual expenditure for the year and explanation for substantial variances
- List of major projects undertaken, completed in the year and work in progress carried forward, including levels of physical completion.

Other Possible Disclosures Should Include Major Items and Issues

- *External Loans*
- Investments
- Short term investments and cash
- Funds and reserves
- Post balance of financial position events
- Changes in financial reporting format
- General information

Contingent Liabilities

There is a contingent liability of Kshs.XXX arising from the following:

Expression of Appreciation

"I am grateful to H.W. the Mayor, the Chair and members of the finance committee, councillors, the Clerk, and Departmental Heads for the support they have given to me and to the staff of my department during the year. I would also like to thank the officers from the Ministry of Local Government and the Kenya National Audit Office for their advice and guidance".

Signed:.....

TREASURER *

Date:.....

2. THE PURPOSE OF THE ANNUAL FINANCIAL STATEMENTS**Purpose of the Annual Financial Statements:**

- To inform stakeholders on the financial performance of their Local Authority.
- To ensure consistency amongst all Local Authorities in the presentation of annual financial statements.
- To ensure compliance with the law, Government regulations and other conditionalities set out by other organisations and institutions.
- To provide guidance on the application of Standards of Generally Accepted Accounting Principals (GAAP), International Accounting Standards (IAS) and the International Public Sector Accounting Standards (IPSAS).

Objective of the Annual Financial Statements:

- To demonstrate their accountability in the use of resources by issuing financial statements. As elected representatives of the public and through powers provided by the Local Government Act Cap.265, Councils have the authority and responsibility for public financial affairs and resources management. Therefore Local Authorities are authorised to levy rates, taxes and other incomes sufficient to finance the services required by the community.
- To assist users in assessing the level of services that can be provided by the Local Authority and its ability to meet its obligations.
- To assist users in evaluating the operating results of the Local Authority for the year.
- To show how cash and other liquid resources were obtained and spent
- To provide information useful in assessing whether financial resources were administered in accordance with the limits of budget allocation.

3. CONTROLLER AND AUDITOR GENERAL'S REPORT**4. CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

NAME OF THE COUNCIL					
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE YEAR ENDED 30TH JUNE, 20X5					
		COUNCIL	ABC CO.	TOTAL	TOTAL
		20X5	20X5	20X5	20X4
		KSh.000	KSh.000	KSh.000	KSh.000
Operating Revenue	NOTE				
Own Source Revenues					
Property Rates		X	O	X	X
Contribution in Lieu of Rates		X	O	X	X
Cess and other levies		X	O	X	X
Single Business Permit		X	O	X	X
Licences		X	O	X	X
Market Fees		X	O	X	X
House Rent		X	X	X	X
Other Fees and Charges		X	O	X	X
Lease Income		X	O	X	X
Miscellaneous Revenue		X	O	X	X
Total Own Source Revenues		O	X	X	X
Central Government and Other Transfers		O	X	X	X
LATF	20	X	O	X	X
Road Maintenance Levy Fund		X	X	X	X
Other Government Recurrent Grants		X	X	X	X
Total Central Government and Other Revenues		X	X	X	X
Total Income		XX	XX	XX	XX
Operating Expenses					
Employee costs	17	X	X	X	X
Operating costs		X	X	X	X
Repairs & Maintenance costs		X	X	X	X
Depreciation & Amortization	14	X	X	X	X
Total Operating Expenses		X	X	X	X
Net Surplus/(Deficit) from Operating Activities		X	X	X	X
Bad Debts Provision	21	X	X	X	X
Interest earned		(X)	(X)	(X)	(X)
Interest paid		X	X	X	X
Gain/(Loss) on disposal of Fixed Assets		(X)	(X)	(X)	(X)
Total Non-Operating Revenue(Expenses)		X	X	X	X

Net Surplus/(Deficit) From Ordinary Activities		X	X	X	X
Share of Surplus in Associate	9	X	0	X	X
Net Surplus/(Deficit) before Extraordinary Items		X	X	X	X
Extraordinary Items	22	X	X	X	X
Net Surplus/(Deficit) for the Year		X	X	X	X
Provision for Renewals Fund	19	X	0	X	X
Net Surplus / (Deficit) for the year carried to the Consolidated General Rate Reserve Fund		X	X	X	X
Consolidated General Rate Reserve Fund		20X5	20X4		
	Note	KSh.	KSh.		
Consolidated surplus for the year		X	X		
Balance b/f		X	X		
Prior Year and other adjustments	18	X	X		
Balance c/f		X	X		

5. COUNCIL STATEMENT OF FINANCIAL PERFORMANCE

NAME OF THE COUNCIL			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 20X5			
	NOTE	20X5 KSh.000	20X4 KSh.000
OPERATING REVENUE			
Own Source Revenues			
Property Rates		X	X
Contribution in Lieu of Rates		X	X
Cess and other levies		X	X
Single Business Permit		X	X
Licences		X	X
Market Fees		X	X
House Rent		X	X
Other Fees and Charges		X	X
Lease Income		X	X
Miscellaneous Revenue		X	X
Total Own Source Revenues		X	X
Central Government and Other Transfers			
LATF		X	X
Road Maintenance Levy Fund		X	X
Other Government Recurrent Grants		X	X
Total Central Government and Other Revenues		X	X
Total Operating Revenue		X	X
OPERATING EXPENSES			
Employee costs	17	X	X
Operating costs		X	X
Repairs & Maintenance costs		X	X
Depreciation & Amortization	14	X	X
Total Operating Expenses		X	X
Net Surplus/(Deficit) from Operating Activities		X	X
Bad Debts Provision	21	X	X
Interest earned		(X)	(X)
Interest paid		X	X
(Gain)/Loss on Disposal of Fixed Assets		(X)	(X)
Total Non-Operating Revenue(Expenses)		X	X
Net Surplus/(Deficit) before Extraordinary Items		X	X
Extraordinary Items	22	X	X
Net Surplus/(Deficit) for the Year		X	X

Provision for Renewals Fund	19	X	X
Net Surplus/(Deficit) Carried to General Rate Reserve Fund		X	X

General Rate Reserve Fund

		20X5	20X4
	NOTE	Kshs	Kshs
Net Surplus (Deficit) for the year		X	X
Balance brought forward		X	X
Prior year and other adjustment	18	X	X
Surplus/Deficit carried forward		X	X

6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NAME OF COUNCIL					
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 20X5					
		COUNCIL	ABC.CO	TOTAL	TOTAL
		20X5	20X5	20X5	20X4
	NOTE	Kshs. 000	Kshs. 000	Kshs. 000	Kshs. 000
ASSETS					
Current Assets					
Cash & Cash Equivalents	4	X	X	X	X
Debtors/Receivables	5	X	X	X	X
Deposits	6	X	X	X	X
Prepayments	7	X	X	X	X
Inventory	8	X	X	X	X
Total Current Assets		X	X	X	X
Non-Current Assets					
Investments	9	X	X	X	X
Land & Buildings	14	X	X	X	X
Capital Work in progress	14	X	X	X	X
Plant & Equipment	14	X	X	X	X
Infrastructure	14	X	O	X	X
Water works	14	O	X	X	X
Motor Vehicles	14	X	X	X	X
Furniture, Fittings & Equipment	14	X	X	X	X
Housing Schemes	14	X	O	X	X
Community Assets	14	X	O	X	X
Heritage Assets	14	X	O	X	X
Total Non Current Assets		X	X	X	X
TOTAL ASSETS		X	X	X	X
LIABILITIES					
Current Liabilities					
Payables/Creditors, Accruals & Provisions	11	X	X	X	X
Consumer deposits	12	X	X	X	X
Current Portion of Long Loans	15	X	X	X	X
Bank Overdraft	4	X	X	X	X
Total Current Liabilities		X	X	X	X
Non-Current Liabilities					
Long-Term Borrowing	15	X	X	X	X
Total Non-Current Liabilities		X	X	X	X
TOTAL LIABILITIES		X	X	X	X
NET ASSETS		X	X	X	X
NET ASSETS/CAPITAL & RESERVES					
Capital contributed by Govt Entities	16	X	O	X	X
Renewals Fund	19	X	O	X	X
Housing Fund	10	O	X	X	X

Other Fund Reserves	13	X	X	X	X
General Rate Reserve Fund		X	O	X	X
Minority Interest	3	X		X	X
NET ASSETS/CAPITAL & RESERVES		X	X	X	X

Signed:..... Date
TREASURER **CLERK**

7. COUNCIL STATEMENT OF FINANCIAL POSITION

NAME OF COUNCIL			
STATEMENT OF FINANCIAL POSITION			
AS AT 30TH JUNE 20X5			
		20X5	20X4
	NOTE	KSh.000	KSh.000
ASSETS			
Current Assets			
Cash and Cash equivalent	4	X	X
Receivables/Debtors	5	X	X
Deposits	6	X	X
Prepayments	7	X	X
Inventory	8	X	X
Total Current Assets		X	X
Non-Current Assets			
Investments	9	X	X
Land & Buildings	14	X	X
Capital Work in Progress	14	X	X
Plant & Equipment	14	X	X
Infrastructure	14	X	X
Motor Vehicles	14	X	X
Furniture, Fittings & Equipment	14	X	X
Community Assets	14	X	X
Housing Schemes	14	X	X
Heritage Assets	14	X	X
Total Non-Current Assets		X	X
TOTAL ASSETS		X	X
LIABILITIES			
Current Liabilities			
Payables/Creditors, Accruals & Provisions	11	X	X
Consumer Deposits	12	X	X
Current Portion of Long Term Loans	15	X	X
Bank Overdraft	4	X	X
Total Current Liabilities		X	X
Non-Current Liabilities			
Long-Term Borrowings	15	X	X
Total Non-Current Liabilities		X	X
TOTAL LIABILITIES		X	X
NET ASSETS		X	X
NET ASSETS/ CAPITAL AND RESERVES			
Capital Contributed by Government Entities	16	X	X
Renewals Fund	19	X	X
Other Reserves	13	X	X
General Rate Reserve Fund		X	X
Housing Fund	10	X	X
TOTAL NET ASSETS/ CAPITAL AND RESERVES		X	X

Signed:..... Date
TREASURER **CLERK**

8. CONSOLIDATED CASH FLOW STATEMENT

NAME OF COUNCIL		
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 TH JUNE 20X5		
	20X5	20X4
	KSh.000	KSh.000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts:		
Property Rates	X	X
Single Business Permit	X	X
Fees and Charges	X	X
Grants	X	X
LATF	X	X
R.M. Levy	X	X
Interest received	X	X
House rents & TPS Schemes	X	X
Dividends	X	X
Water & Others	X	X
Lease Income	X	X
Other Receipts- from other subsidiaries	X	X
	X	X
Cash Payments		
Employee costs	(X)	(X)
Superannuation	(X)	(X)
Supplies	(X)	(X)
Interest paid	(X)	(X)
Other payments	(X)	(X)
	X	X
Net Cash Flows From Operating Activities	X	X
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(X)	(X)
Proceeds from sale of investment	X	X
Purchase of investments	(X)	(X)
Net cash Flows investing activities	X	X
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	X	X
Repayment of borrowing	(X)	X
Net cash flows from financing Activities	X	X
Net increase (decrease) in cash and cash equivalents	X	X
Cash and cash equivalent at Beginning of Period	X	X
Cash and cash equivalents as at 30th June, 20X5	X	X

Notes to Consolidated Cash Flow Statement

Cash and cash equivalents consist of cash on hand and balances with banks and short term investments. Cash and cash equivalents included in the cash flow statement comprise the following amounts:

Cash on hand and banks
Short term investments

20X5	20X4
KSh.000	KSh.000
X	X
X	X
X	X

RECONCILIATION OF NET CASH FLOW FROM OPERATING TO NET SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES

	20X5 KSh.000	20X4 KSh.000
Surplus/(deficit) from ordinary activities	X	X
Non Cash Movements		
Depreciation	X	X
Increase in provision for bad debts	X	X
Increase in payables	X	X
Increase in current borrowings	X	X
Increase in provision relating to employee costs	X	X
Gain from sale of property	(X)	(X)
Increase in other current assets	(X)	(X)
Increase in investments due to revaluation	(X)	(X)
Increase in receivables/Debtors	(X)	(X)
Short term investments withdrawn	(X)	(X)
Extra Ordinary item	(X)	X
Net Cash from operating Activities	X	X

9. COUNCIL CASH FLOW STATEMENT

NAME OF COUNCIL		
COUNCIL CASH FLOW STATEMENT FOR THE YEAR ENDED 30 TH JUNE 20X5		
	20X5	20X4
	KSh.000	KSh.000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts:		
Property Rates	X	X
Single Business Permit	X	X
Fees and Charges	X	X
Grants	X	X
LATF	X	X
R.M. Levy	X	X
Interest received	X	X
House rents & TPS Schemes	X	X
Dividends	X	X
Lease Income	X	X
Other Receipts	X	X
	X	X
Cash Payments		
Employee costs	(X)	(X)
Superannuation	(X)	(X)
Supplies	(X)	(X)
Interest paid	(X)	(X)
Other payments	(X)	(X)
	X	X
Net Cash Flows From Operating Activities	X	X
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(X)	(X)
Proceeds from sale of investment/property	X	X
Purchase of investments	(X)	(X)
Net cash Flows investing activities	X	X
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	X	X
Repayment of borrowing	(X)	(X)
Net cash flows from financing Activities	X	X
Net increase (decrease) in cash and cash equivalents	X	X
Cash and cash equivalent at Beginning of Period	X	X
Cash and cash equivalents as at 30th June, 20X5	X	X

Notes to Council Cash Flow Statement

Cash and cash equivalents consist of cash on hand and balances with banks and short term investments. Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	20X5 KSh.000	20X4 KSh.000
Cash on hand and banks	X	X
Short term investments	X	X
	X	X

RECONCILIATION OF NET CASH FLOW FROM OPERATING TO NET SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES

	20X5 KSh.000	20X4 KSh.000
Surplus/(deficit) from ordinary activities	X	X
Non Cash Movements		
Depreciation	X	X
Increase in provision for bad debts	X	X
Increase in payables	X	X
Increase in current borrowings	X	X
Increase in provision relating to employee costs	X	X
Gain from sale of property	(X)	(X)
Proceeds of sale of fixed assets	X	X
Increase in other current assets	(X)	(X)
Increase in investments due to revaluation	(X)	(X)
Increase in receivables/debtors	(X)	(X)
Short term investments withdrawn	(X)	(X)
Extra Ordinary item	(X)	X
Net Cash from operating Activities	X	X

10. CONSOLIDATED CHANGES IN NET ASSETS/CAPITAL AND RESERVES

NAME OF COUNCIL				
CONSOLIDATED CHANGES IN NET ASSETS/CAPITAL AND RESERVES AS AT 30TH JUNE 20X5				
KShs.(000's)				
	Contributed Capital	Other Reserves	General Rate Reserve Surplus/ (Deficits)	Total
Balance at 31.12.20X0	X	X	X	X
Changes in Accounting Policy	(X)		(X)	(X)
Restated balance	X	X	X	X
Surplus on revaluation of property		X		X
Deficit on revaluation of investments		(X)		(X)
Net gains and losses not recognised in the statement of financial performance		X		X
Net surplus for the period			X	X
Balance at 31.12.20X1	X	X	X	X
Deficit on revaluation of property		(X)		(X)
Surplus on revaluation of investments		X		X
Net gains and losses not recognised in the statement of financial performance		(X)		(X)
Net deficit for the period			(X)	(X)
Balance at 31.12.20X2	X	X	X	X

11. COUNCIL CHANGES IN NET ASSETS/CAPITAL AND RESERVES

NAME OF COUNCIL				
CHANGES IN NET ASSETS/CAPITAL AND RESERVES AS AT 30TH JUNE 20X5				
KShs.(000's)				
	Contributed Capital	Other Reserves	General Rate Reserve Surplus/ (Deficits)	Total
Balance at 31.12.20X0	X	X	X	X
Changes in Accounting Policy	(X)		(X)	(X)
Restated balance	X	X	X	X
Surplus on revaluation of property		X		X
Deficit on revaluation of investments		(X)		(X)
Net gains and losses not recognised in the statement of financial performance		X		X
Net surplus for the period			X	X
Balance at 31.12.20X1	X	X	X	X
Deficit on revaluation of property		(X)		(X)
Surplus on revaluation of investments		X		X
Net gains and losses not recognised in the statement of financial performance		(X)		(X)
Net deficit for the period			(X)	(X)
Balance at 31.12.20X2	X	X	X	X

12. STATEMENT OF FINANCIAL PERFORMANCE SUMMARY BY FUND

NAME OF COUNCIL				
STATEMENT OF FINANCIAL PERFORMANCE SUMMARY BY FUND				
FOR THE YEAR ENDED 30 TH JUNE 20X5				
	GENERAL	XXX	XXX	TOTAL
	RATE FUND	FUND	FUND	
	20X5	20X5	20X5	20X5
	KSh.000	KSh.000	KSh.000	KSh.000
OPERATING REVENUE				
Operating Revenue	X	0	0	X
Own Source Revenues	X	0	0	X
Property Rates	X	0	0	X
Contribution in Lieu of Rates	X	0	0	X
Cess and other levies	0	X	0	X
Single Business Permit	0	X	0	X
Licences	X	0	0	X
Market Fees	X	0	0	X
House Rent	0	0	X	X
Other Fees and Charges	X	0	0	X
Lease Income	X	0	0	X
Miscellaneous Revenue	X	X	X	X
Total Own Source Revenues				
Central Government and Other Transfers	X	X	X	X
LATF	X	X	X	X
Road Maintenance Levy Fund	X	X	X	X
Other Government Recurrent Grants	X	X	0	X
Total Central Government and Other Revenues	X	X	X	X
Total Income	X	X	X	X
Operating Expenses				
Employee costs	X	X	X	X
Operating costs	X	X	X	X
Repairs & Maintenance costs	X	X	X	X
Depreciation & Amortization	X	X	X	X
Total Operating Expenses	X	X	X	X
Net Surplus/(Deficit) from Operating Activities	(X)	0	0	(X)
Bad Debts Provision	X	X	X	X
Interest earned	X	X	X	X
Interest paid	(X)	(X)	(X)	(X)
Gain/(Loss) on disposal of Fixed Assets	X	X	X	X
Total Non-Operating Revenue(Expenses)	X	X	X	X
Net Surplus/(Deficit) From Ordinary Activities	X	X	X	X
Share of Surplus/(Deficit) of Associate	X	X	X	X
Net Surplus/(Deficit) before Extraordinary Items	X	X	X	X
Extraordinary Items	X	X	X	X
Net Surplus/(Deficit) for the Year	X	X	X	X
Provision for Renewals Fund	X	X	X	X
Net Surplus / (Deficit) for the year	X	X	X	X

13. STATEMENT OF FINANCIAL POSITION SUMMARY BY FUND

NAME OF COUNCIL						
STATEMENT OF FINANCIAL POSITION SUMMARY BY FUND AS AT 30 TH JUNE 20X5						
	GENERAL	XX	XX	XX	XX	TOTAL
	RATE FUND	FUND	FUND	FUND	FUND	
	Kshs. 000	Kshs. 000	Kshs. 000	Kshs. 000	Kshs. 000	Kshs. 000
ASSETS						
Current Assets						
Cash & Cash Equivalents	x	x	x	x	x	x
Debtors	x	x	x	x	x	x
Deposits	x	x	x	x	x	x
Inventory	x	x	x	x	x	x
Prepayments	x	x	x	x	x	x
Short-Term Deposits	x	x	x	x	x	x
Total Current Assets	x	x	x	x	x	x
Non-Current Assets						
Long-Term Receivables	x	x	x	x	x	x
Investments	x	x	x	x	x	x
Land & Buildings	x	x	x	x	x	x
Work in progress	x	x	x	x	x	x
Plant & Equipment	x	x	x	x	x	x
Infrastructure	x	x	x	x	x	x
Motor Vehicles	x	x	x	x	x	x
Furniture, Fittings & Equipment	x	x	x	x	x	x
Housing Schemes	x	x	x	x	x	x
Community Assets	x	x	x	x	x	x
Heritage Assets	x	x	x	x	x	x
Total Non Current Assets	x	x	x	x	x	x
TOTAL ASSETS	x	x	x	x	x	x
LIABILITIES						
Current Liabilities						
Creditors, Accruals & Provisions	x	x	x	x	x	x
Consumer deposits	x	x	x	x	x	x
Short-Term Borrowings	x	x	x	x	x	x
VAT	x	x	x	x	x	x
Current Portion of Long Loans	x	x	x	x	x	x
Prepayments	x	x	x	x	x	x
Bank Overdraft	x	x	x	x	x	x
Total Current Liabilities	x	x	x	x	x	x
Non-Current Liabilities						
Long-Term Borrowing	x	x	x	x	x	x
Total Non-Current Liabilities	x	x	x	x	x	x
NET ASSETS	x	x	x	x	x	x
Inter Funds Balances	x	x	x	x	x	0
CAPITAL AND RESERVES						
Capital contributed by Govt Entities	x	x	x	x	x	x
Renewals Fund	x	x	0	0	0	x
Other Fund Reserves	x	x	x	x	x	x
Housing Fund	x	x	x	x	x	x
General Rate Reserve Fund	x	x	x	x	x	x
TOTAL NET ASSETS/CAPITAL AND RESERVES	x	x	x	x	x	x

14. ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

.....COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2XXX**NOTES TO THE FINANCIAL STATEMENTS****(A) Accounting Policies and Guidelines**

The financial statements have been prepared using the following accounting policies.

14.1 Corporate Receipts, Customer and Client Receipts

Cash receipts are recorded in the service or departmental recurrent accounts and the summary recurrent account. An assessment of material debtors is carried out to determine the percentage of the amount realisable within the next twelve months. The amount of any debt not due for more than twelve months after the date of the financial statements will be considered in the Statement of Financial Position as Non-current Debtors.

Revenue is recognised as follows:

- (a) Rates and Housing rental revenue are recognised when due.
- (b) Revenue from the provision of goods and services is recognised when the title to goods is rendered to the customer.
- (c) Licensing income is recognised when due.

14.2 Unpaid Employee Costs

The full cost of employees, including un-remitted statutory and other payroll deductions, is charged to the accounts of the period within which the employees worked. If there are unpaid salaries relating to the year of account, accruals are made and identified as a separate item in the Statement of Financial Position under Current Creditors. Where retrospective adjustments or special payments are required, for example through pay awards, the accounts are charged with the additional amount as soon as the amount becomes measurable to the accounts of the year. Exceptionally, paid leave that is not taken by the end of the year is not accrued, as changes from year to year are not normally material.

14.3 Unremitted Statutory and other Deductions

Statutory and other deductions not remitted at the end of the year are identified as Current Creditors.

14.4 Supplies and Services

All supplies and services are accrued and accounted for in the period during which they were incurred. Accruals are made for all unpaid invoices at the year-end and identified as current creditors.

14.5 Interest Payable and Receivables

Interest payable is charged on accrual basis when due and credited to current creditors. Any outstanding interest not honoured for a period of twelve months is transferred to loan balances as part of non-current creditors. Interest receivable from short term and long term investments is recognised on a time basis and if not received is considered as part of current assets.

14.6 Loans and Contractual Obligations

The movement on long term loans and short terms loans is disclosed with details on payments made during the year, interest accrued and the outstanding balance. This balance is considered under both current and non current liabilities, with the amount payable within twelve months shown under current liabilities, and remaining amount as non current liabilities.

14.7 Contingencies

Contingent liabilities are liabilities that will arise in the event of the occurrence of a particular foreseeable event. These may include guarantees given by the local authority, court cases outstanding, or uninsured assets. In these cases the likely cost to the council in the event of the contingency occurring is recognised in the accounts by way of note.

Where it is deemed that the contingency has occurred, or is likely to do so then provision is made in the accounts for the full amount of the liability.

14.8 Exceptional Items, Extraordinary Items and Prior Year Adjustments

Exceptional items are material expenditures which are not expected to occur frequently or regularly. They may include uninsured damage caused by the weather effect, uninsured structure failure, deficits arising from insurance settlements and costs of labour unrest. Exceptional items are included in the responsibility centre or service to which they relate and, where material, explained within the notes to the accounts.

Extraordinary items are rare but can arise where material losses/surpluses have been incurred because of unlawful transactions, or where losses have been incurred through natural disasters. Extraordinary items are disclosed and described in the summary Statement of Financial Performance after dealing with all items within the ordinary activities of the Council and are fully explained in a note to the financial statements.

Prior year adjustments arise in the financial statements due to a change in accounting policies, a material error detected or a change in accounting estimates. Changes arising as a result of the above, where possible, require the restatement of the previous balances. However, where it is impracticable to determine the cumulative effect, at the beginning of the current period, the comparative information is restated to correct the error prospectively from the earliest date practicable.

14.9 Reserves**Renewals Fund**

Under section 219 of the Local Governments Act, a local authority is expected to appropriate an amount from council's revenue to the Renewals Fund. This is supported by creating a separate bank account / investment for future replacement of fixed assets as per LAs replacement policy.

Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a revaluation reserve. The revaluation surplus is realised, as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus / (Deficit). On disposal, the net revaluation on surplus is transferred to the accumulated surplus/ (Deficit) while gains or losses on disposal, based on revalued amounts are credited or charged to the Statement of Financial Performance.

14.10 Property Plant and Equipment**Cost**

Property Plant and Equipment, is stated at cost, less accumulated depreciation and amortisation costs, except land, which is revalued as indicated below. Heritage assets, which are culturally significant resources and which are also shown at cost.

Depreciation policy

Depreciation is calculated on cost or valuation, using the Straight Line Method over the estimated useful lives of the assets. The annual depreciation rates are based along the following estimated lives:

Asset	Life of Asset Years	Depreciation Rate %
Infrastructure Public Works	30	2.5
Electrical	20-30	2.5
Water works	15-20	10
Housing	30	2.5
Buildings	40	2.5
Specialized Vehicles	10	20
Other Vehicles	5	20
Office Equipment	8	12.5
Furniture & Fittings	8	12.5
Bins and Containers	5	20
Specialized plant and equipment	8	12.5
Other items of plant and equipment	5	25
Landfill sites	15	7.5
Heritage Assets	0	0

Impairment of Assets

Items of property and equipment are stated at revalued amounts, being fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses on the properties.

14.11 Revaluation of Property Plant and Equipment

Items of property plant and equipment are stated at revalued amounts, being fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses on the properties.

14.12 Investments

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Investment in associated entities in which a LA exercises significant influence, through participation in the financial and operating policy decisions of the invested, the resulting assets, and liabilities of the associates are incorporated in the financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted with the LA's share of the operating surplus/ (deficit) less any dividend received.

Investments in entities under the ownership control of the LAs are carried at cost. Separate consolidated financial statements are prepared to account for the LA's share of net assets and post acquisition of results of these investments.

14.13 Inventories

Inventories encompass goods purchased and held for resale including for example, merchandise purchased by an entity and held for resale, or land and other properties held for resale. It also encompasses finished goods produced, or work in progress produced by an entity. Inventories also include materials and supplies awaiting use in the production process and good purchased which are for distribution to her parties for no charge or for nominal charge, i.e. educational books or material given out by the Council to the public.

Inventories are valued at lower of cost and net realisable value in general; the basis of determining such costs is on the basis of the "first in first out" method. Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable value.

14.14 Leased Assets

The Council leased assets are disclosed at the end of the financial period; and the amount receivable from the leased assets disclosed in the notes to the account. Assets leased to water companies are considered as finance leases with the ownership of the assets to revert to Water companies eventually.

14.15 Capital Funds and Reserves

The Council's financial statement present fund balances not available for appropriation or which are legally restricted by outside parties for use for specific purposes.

14.16 Construction Contracts

The breakdown of the work in progress is disclosed at the end of the year, by providing a schedule of movements from the initial costs incurred, completed part of the project, and the balance carried down as still in progress by end of the year.

14.17 Interfund Receivables, Payables and Transfers

The composition of inter-fund transfers is worked out by the Council at the end of the year, to ensure that any movements between GRF, Housing, RMLF, and any other transfers are captured at the end of the year, and the effect of the balances is nil on preparation of the Council Statement of Financial Position.

14.18 Restricted Funding

Where Local Authorities receive funds from bilateral or multilateral donors, such disbursements based on the conditions set out are treated under restricted funding. Under such conditions, any balance of funds un-spent is left in the statement of financial position as amount owed to the donor.

14.19 Related Party Transactions

Related party transactions and the amount incurred on such transactions are disclosed, where they exist, in the Notes to the Accounts.

14.20 Changes in Net Assets/Capital and Reserves

A statement showing the movement in reserves and capital is included in the Financial Statements. The statement includes the following details:

- The net surplus or deficit for the period
- Each item of revenue and expense, which, as required by other standards, is recognised directly in Net Assets/Capital and Reserves, and the total of these items; and
- The cumulative effect of changes in accounting policy and the correction of fundamental errors that are dealt with under the benchmark treatment in IPSAS 3.
- The benchmark treatment requires that fundamental errors that relate to prior periods be reported by adjusting the opening balance of accumulated surpluses/(deficits). Comparative information should be restated, unless it is impracticable to do so.
- The statement also discloses the following:
 - The nature of the fundamental errors
 - The amount of the correction for the current period and for each prior period presented
 - The amount of the correction relating to periods prior to those included in the comparative information
 - The fact that comparative information has been restated or that it is impracticable to do so.

14.21 Consolidation

Where there is a controlling interest in other entities annual consolidated statements of financial position and performance are prepared on a line by line basis, adding together like items of asset and liabilities, net assets equity, revenue and expenses. In order for the consolidated financial statements to present financial information about the economic entity as that of a single entity, the following principles are followed, in line with IPSAS 6.

- The carrying amount of the controlling LA's investment in the controlled entity and the controlling LA's portion of net assets/ equity of the controlled entity are eliminated.
- Any minority interest in the surplus or deficit of the consolidated controlled entities for the reporting period is identified and adjusted against the General Rate Reserve.
- Any minority interest in the net asset/equity of the consolidated entity is identified and presented in the statement of financial position separately from liabilities and the controlling LA's net asset/Capital and Reserves.
- Uniform accounting policies for like transactions and other events in similar circumstances are applied.

14.22 Bad Debts

Specific provision is made for doubtful and bad debts based on an ageing record of debtors/receivables. The debts considered by management to be bad or doubtful are presented to the Council for approval and thereafter written off to the Council's revenue, when deemed unrecoverable.

14.23 Currency

The accounts are stated in Kenya shillings and rounded off to the nearest Kenya shilling.

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities at the financial reporting date, which are expressed in foreign currencies, are translated into Kenya shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the statement of Financial Performance for the year in which they arise.

(B) Notes to Financial Statements**1 Basis of Preparation**

The financial statements have been prepared in line with International Public Sector Accounting Standards under accrual accounting on a historical cost basis as modified by the revaluation of fixed assets and the accounting policies set out above have been applied consistently throughout the period.

2 Reporting Entity

Legal Notice Number XXXXXX dated XXXX created the XXXX Council of XXXX, as a City, Municipality, Town, and County is covered by section 12 of the Local Government Act Cap. 265 of the Laws of Kenya.

3 Consolidation

(a) The Local Authority holds ownership interests and/or voting rights in the following entities:

Name	% of Ownership	Nature of Ownership
Water Company	100%	Holding
Company XXX	25%	Associates

(b) The Financial Statement of the Council as a separate entity have been aggregated from the General Rate Fund, RMLF, Water Fund, Housing Fund and other self distinguishable segments and activities of the LA.

(c) The Consolidated Financial Statements of the Council together with all its controlled entities have been derived from their separate financial statements.

4 Cash and Cash Equivalents and Overdrafts

	Council		Consolidated	
	20X5 KSh.000	20X4 KSh.000	20X5 KSh.000	20X4 KSh.000
4 (a) Cash and Cash Equivalents				
(i) Cash on Hand	XXX	XXX	XXX	XXX
(ii) Cash at Bank				
..... account	XXX	XXX	XXX	XXX
..... account	XXX	XXX	XXX	XXX
..... account	XXX	XXX	XXX	XXX
Total Cash at Bank	XXX	XXX	XXX	XXX
(iii) Short Term Deposits	XXX	XXX	XXX	XXX
Total Cash and Cash Equivalents	XXX	XXX	XXX	XXX

4 (b) Bank Overdrafts

..... account	XXX	XXX	XXX	XXX
..... account	XXX	XXX	XXX	XXX
..... account	XXX	XXX	XXX	XXX
Total Bank Overdrafts	XXX	XXX	XXX	XXX

The Bank overdraft facility of KSh XXX has been authorised by the Minister for Local Government and is unsecured.

5 Debtors/Receivables

	Council		Consolidated	
	20X5 KSh.000	20X4 KSh.000	20X5 KSh.000	20X4 KSh.000
Gross debtors/receivables	XXX	XXX	XXX	XXX
Less: Provision for bad debts	XXX	XXX	XXX	XXX
Net Debtors	XXX	XXX	XXX	XXX

Age Analysis

Current (0-30 days)	XXX	XXX	XXX	XXX
31-60 days	XXX	XXX	XXX	XXX
61-90 days	XXX	XXX	XXX	XXX
Over 90 days	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

Debtors/Receivables by Type

Residential	XXX	XXX	XXX	XXX
Commercial debtors	XXX	XXX	XXX	XXX
Parastatals	XXX	XXX	XXX	XXX
Sundry Debtors	XXX	XXX	XXX	XXX
Advances to Councillors	XXX	XXX	XXX	XXX
Staff Advances	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

6 Deposits

	Council		Consolidated	
	20X5 KSh.000	20X4 KSh.000	20X5 KSh.000	20X4 KSh.000
Water deposits	XXX	XXX	XXX	XXX
Electricity deposits	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

7 Prepayments

Seasonal (advance) parking charges	XXX	XXX	XXX	XXX
Hire of halls	XXX	XXX	XXX	XXX
Overpayment to NHC	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

8 Inventories

Consumable stores at cost	XXX	XXX	XXX	XXX
Maintenance materials at cost	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

9. Investments

Particulars	Council		Consolidated	
	Percentage of Ownership	2XX5 Cost Kshs	Percentage of Ownership	2XX5 Cost Kshs
Investment in Associates				
Company XXX		X		X
Company XXB		X		X
Total (A)		X		X
Other Investments				
Listed Government Bonds		X		X
Fixed Deposits		X		X
Renewal Funds –Investment		X		X
Total (B)		X		X
Total Investments		XXX		XXX

10. Housing Development Fund

	Council		Consolidated	
	20X5 KSh.000	20X4 KSh.000	20X5 KSh.000	20X4 KSh.000
TPS/S&S Schemes	XXX	XXX	XXX	XXX
Rental Schemes	XXX	XXX	XXX	XXX
USAID Schemes	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

11. Creditors & Accruals

Suppliers for Goods & Services	XXX	XXX	XXX	XXX
Salary Arrears	XXX	XXX	XXX	XXX
Unpaid Statutory deductions	XXX	XXX	XXX	XXX
V.A.T	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

Age Analysis

Current (0-30 days)	XXX	XXX	XXX	XXX
31-60 days	XXX	XXX	XXX	XXX
61-90 days	XXX	XXX	XXX	XXX
Over 90 days	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

12. Consumer deposits

Rental housing deposits	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

13. Other Reserves

Revaluation Reserve	XXX	XXX	XXX	XXX
Bursary fund	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

14.1 Fixed Assets Schedule as at 30th June 20x5 - Consolidated

COST/	LAND &	INFRASTR-	PLANT &	MOTOR	FURNITURE,	COMMUNITY	HERITAGE	HOUSING	W.I.P	TOTAL
REVALUATION	BUILDINGS	UCTURE	EQUIP	VEHICLES	FITTINGS &	ASSETS	ASSETS	SCHEMES		
					EQUIPMENT					
	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000
Cost or Revaluation										
Bal. brought forward at 1.7.20X4	X	X	X	X	X	X	X	X	X	X
Additions										
Transfer from W.I.P	0	X	0	0	0	0	0	0	(X)	0
Capital under construction	0	X	X	X	X	X	X	X	X	X
Purchases	X	X	X	X	X	X	X	X	X	X
Revaluation Surplus/Deficit for the Year	X	X	X	X	X	X		X	0	X
Disposal of Assets	(X)	(X)	(X)	(X)	(X)	(X)		(X)	0	(X)
Bal. carried forward at 30.6.20X5	X	X	X	X	X	X	X	X	X	X
Depreciation										
Bal. brought forward at 1.7.20X4	X	X	X	X	X	X	0	X	0	X
Depreciation on Disposals	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	0	(X)
Depreciation Charge for the year	X	X	X	X	X	X	0	X	0	X
Bal. carried forward at 30.6.20X5	X	X	X	X	X	X	0	X	0	X
Net Book Value at 30.6.20X5	X	X	X	X	X	X	X	X	X	X
Analysis of NBV as at 30.06.20X5										
Cost	X	X	X	X	X	X	0	X	0	X
Revaluation	X	X	X	X	X	X	0	X	0	X

14.2 Fixed Assets Schedule as at 30th June 20x5 - Council

COST/	LAND &	INFRASTR-	PLANT &	MOTOR	FURNITURE,	COMMUNITY	HERITAGE	HOUSING	W.I.P	TOTAL
REVALUATION	BUILDINGS	UCTURE	EQUIP	VEHICLES	FITTINGS & EQUIPMENT	ASSETS	ASSETS	SCHEMES		
	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000	KSH.000
Cost or Revaluation										
Bal. brought forward at 1.7.20X4	X	X	X	X	X	X	X	X	X	X
Additions										
Transfer from W.I.P	0	X	0	0	0	0	0	0	(X)	0
Capital under construction	0	X	X	X	X	X	X	X	X	X
Purchases	X	X	X	X	X	X	X	X	X	X
Revaluation Surplus/Deficit for the Year	X	X	X	X	X	X		X	0	X
Disposal of Assets	(X)	(X)	(X)	(X)	(X)	(X)		(X)	0	(X)
Bal. carried forward at 30.6.20X5	X	X	X	X	X	X	X	X	X	X
Depreciation										
Bal. brought forward at 1.7.20X4	X	X	X	X	X	X	0	X	0	X
Depreciation on Disposals	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	0	(X)
Depreciation Charge for the year	X	X	X	X	X	X	0	X	0	X
Bal. carried forward at 30.6.20X5	X	X	X	X	X	X	0	X	0	X
Net Book Value at 30.6.20X5	X	X	X	X	X	X	X	X	X	X
Analysis of NBV as at 30.06.20X5										
Cost	X	X	X	X	X	X	0	X	0	X
Revaluation	X	X	X	X	X	X	0	X	0	X

Notes to the Fixed Assets**(i) Valuation of Fixed Assets**

1. Balance brought forward at 1st July 20X4 is made up of:
 - (a) Cost of assets which have not been revalued
 - (b) Revalued assets
2. Accumulated Depreciation brought forward at 1.7.20X4 is based on:
 - (a) Cost of assets which have not been revalued
 - (b) Revalued assets
3. Disposals are made up of:
 - (a) Cost/revaluation of assets
 - (b) Accumulated depreciation thereon

(ii) Revaluation Reserve

Land and buildings were revalued to a fair value by using depreciated replacement values and the effective date of the revaluation was 30th June 20XX.

The revaluation was done by ABC Property Valuers, Registered and Independent Valuers.

The revaluation surplus is reconciled as follows:

	20X5 KSh.000	20X4 KSh.000
Balance at beginning of year	X	X
Surplus/(loss) realized	(X)	(X)
Balance at end of year	X	X

(iii) Leased Property

The Council leased Water and Sewerage fixed assets to ABC Water Board as per the Water Act, 2002 under a finance lease agreement in return for periodical lease income. These assets comprise:

Cost	KSh.000
Water works	XX
Water mains	XX
Sewerage works	XX
Plant and Equipment	XX
Motor vehicles	XX
Total	XX

15. Long Term Loans**15.1 CONSOLIDATED SCHEDULE OF LONG TERM LOANS**

Source	Loan No.	Interest Rate	Date of Redemption	Purpose	Principal Balance as At 1.7.20X4 Ksh.000'	Additions during the year Ksh.000'	Redeemed during the year Ksh.000'	Bal. as at 30.6.20X5 Ksh.000'
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
Totals					X	X	X	X

15.2 COUNCIL SCHEDULE OF LONG TERM LOANS

Source	Loan No.	Interest Rate	Date of Redemption	Purpose	Principal Balance as at 1.7.20X4 Ksh.000'	Additions during the year Ksh.000'	Redeemed during the year Ksh.000'	Bal. as at 30.6.20X5 Ksh.000'
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
Totals					X	X	X	X

15.3 CURRENT PORTION OF LONG TERM LOANS OUTSTANDING

Source	Loan No.	Consolidated		Council	
		Principal due Ksh.000'	Principal due Ksh.000'	Interest due Ksh.000'	Interest due Ksh.000'
X	X	X	X	X	X
X	X	X	X	X	X
Totals		X	X	X	X

16. Capital contributed by Government Entity

The Ministry of Local Government contributed an amount of KSh.XXX to build 500 stalls at XXX in the course of the year for rental.

17. Personnel Costs

	Council		Consolidated	
	20X5 KSh.000	20X4 KSh.000	20X5 KSh.000	20X4 KSh.000
Employees Salaries	XXX	XXX	XXX	XXX
Employer's Contribution to Pension Fund	XXX	XXX	XXX	XXX
House Allowances	XXX	XXX	XXX	XXX
Leave Allowances	XXX	XXX	XXX	XXX
Uniform Allowances	XXX	XXX	XXX	XXX
Dirty Work Allowances	XXX	XXX	XXX	XXX
Sub Total	XXX	XXX	XXX	XXX
Councillors Allowances	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX
Number of employees	XXX	XXX	XXX	XXX

18. Prior year and other adjustments.

Capital Discharged	XXX	XXX	XXX	XXX
Revenue Contribution Capital Outlay	XXX	XXX	XXX	XXX
Capital Reserve	XXX	XXX	XXX	XXX
Maintenance Reserve	XXX	XXX	XXX	XXX
Unapplied Capital	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

19. Renewals Fund

Balance B/F at 1.7.20X4	XXX	XXX	XXX	XXX
Additions during the Year	XXX	XXX	XXX	XXX
Balance C/D at 30.6.20X5	XXX	XXX	XXX	XXX

The amount transferred to Renewals Fund is based on the projected capital replacement expenditure needs and an equivalent amount is held in a deposit account as detailed in Note 9.

20. LATF Bank Account

	20X5 KSh.	20X4 KSh.
Balance brought forward at 1.7.20X4	XX	XX
Transfers from Government	XX	XX
Subtotal	XX	XX
Payments:		
LASDAP Projects	XX	XX
Debt Resolution	XX	XX
Transfers to General Fund Bank Account	XX	XX
Balance carried forward at 30.6.20X5	XX	XX

21. Bad Debts and Doubtful Debts

	Council		Consolidated	
	20X5 KSh.000	20X4 KSh.000	20X5 KSh.000	20X4 KSh.000
Balance brought forward at 1.7.20X4	XXX	XXX	XXX	XXX
Provision for year	XXX	XXX	XXX	XXX
Debts written off in year	(XXX)	(XXX)	(XXX)	(XXX)
Doubtful debts recovered	(XXX)	(XXX)	(XXX)	(XXX)
Balance carried forward at 30.6.20X5	XXX	XXX	XXX	XXX

22. Extra Ordinary Items

Un-insured damage claims	XXX	XXX	XXX	XXX
Un-lawful payments for supplies	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

23. Contingent Liabilities

Guarantee issued to bank for overdraft facility of subsidiary	XXX	XXX	XXX	XXX
Amount claimed by contractor under dispute	XXX	XXX	XXX	XXX

Dated the 7th July, 2008.

MUSALIA MUDAVADI,
Deputy Prime Minister and
Minister for Local Government.