

MUMIAS KIDS CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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ORGANISATION INFORMATION

TYPE OF ORGANIZATION : Non-Governmental Organization

BOARD OF DIRECTORS : Elizabeth Mutimba Wahl - Chairperson
: Mercy Zawadi - Secretary
: Michael Andreas Merkt - Treasurer

REGISTERED OFFICE : Mumias - Musanda Road
: Plot No. 3338
: P.O. Box 371 - 50102
: MUMIAS

AUDITORS : KHOYA AND COMPANY
: Certified Public Accountants
: P.O. Box , 6430 - 40100
: KISUMU

PRINCIPAL BANKERS : Equity Bank
: MUMIAS

BOARD MEMBERS' REPORT AND CERTIFICATE.

The board of directors submit their report and the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of the organisation.

PRINCIPAL ACTIVITIES

- : To provide home and shelter for the orphaned children
- : To provide food and clothing for the orphaned children
- : To provide educational assistance
- : To provide spiritual nourishment to the children aiming to transform their lives.

RESULTS

The results of the organisation for the year ended 31 December 2015 are set out in the combined income and expenditure statement on page 7 and project income and expenditure statements on pages 8 to 17.

BOARD MEMBERS

The names of the directors who held office during the year to the date of this report are shown on page 1.

AUDITORS

KHOYA and Company were appointed during the year and have indicated their willingness to continue in office.

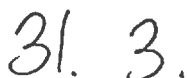
BY ORDER OF THE BOARD



CHAIRPERSON

Mumias Kids Centre
Elizabeth Mutimba Wahl
P.O. Box 371, Mumias
Tel. +254 701 556 801

KISUMU



2016


STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

Board members are required to prepare financial statements which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the operating results for that year. The board members should also ensure that the organisation maintains proper accounting records which disclose with reasonable accuracy the financial position of the organisation. Board members are also responsible for safeguarding the assets of the organisation.

The board accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years and in conformity with International Financial Reporting Standards. The board members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation as at 31 December 2015 and of its operating results for the year then ended. The board members further confirm the accuracy and completeness of the accounting records maintained by the organisation which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the board members to indicate that the organisation will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board members on 31.3. 2016 and signed on its behalf by:


Mumias Kids Centre
Elizabeth Mutimba Wahl
P.O. Box 371, Mumias
Tel. +254 701 556 801
CHAIRPERSON


SECRETARY


TREASURER

Khoya and Co. Certified Public Accountants (K)

Awori House 1st Floor Door 43

P.O. BOX 6430 - 40103,

Tel: 057-2026210

Bank street

KISUMU

Mob: 0722-328769

Date: 29th March, 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MUMIAS KIDS CENTRE (MKC)

Report on the financial statements

We have audited the accompanying financial statements of **Mumias Kids Centre (MKC)** set out on pages 5 to 17, which comprise the statement of financial position as at 31 December 2015, the income and expenditure statement and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board Member's responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mumias Kids Centre (MKC) as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.


KHOYA & COMPANY
Certified Public Accountants
P.O. Box 6430 - 40103
Tel: (057) 2026210
Kisumu
Certified Public Accountants

KISUMU

31st MAR 2016

STATEMENT OF FINANCIAL POSITION

	Notes	2015 Shs	2014 Shs
Non-current assets			
Assets	1	<u>18,674,523</u>	<u>19,039,167</u>
		<u>18,674,523</u>	<u>19,039,167</u>
Current assets			
Cash and cash equivalents	2	<u>284,814</u>	<u>228,432</u>
		<u>284,814</u>	<u>228,432</u>
Current liabilities			
Trade and other payables	3	<u>121,625</u>	<u>150,431</u>
		<u>121,625</u>	<u>150,431</u>
Net current assets / (liabilities)		<u>163,189</u>	<u>78,001</u>
		<u>18,837,712</u>	<u>19,117,168</u>
Represented by			
Funds			
Accumulated fund		18,163,961	17,879,147
General fund		<u>673,751</u>	<u>1,238,021</u>
		<u>18,837,712</u>	<u>19,117,168</u>
		<u>18,837,712</u>	<u>19,117,168</u>

The financial statements on pages 5 to 17 were authorized for issue by the board of directors on

31. 3. 2015 2015 and were signed on its behalf by:

 CHAIRPERSON

 SECRETARY

 TREASURER

The accounting policies on pages 9 to 11 and the notes on pages 12 to 16 form an integral part of these financial statements.

Report of the independent auditors - page 4.

INCOME AND EXPENDITURE STATEMENT (Consolidated)

	Notes	Actual 2015 Shs	Budget 2015 Shs	Actual 2014 Shs
Income				
Grants	4	11,222,520	10,771,958	11,442,955
Other Income	5	-	-	660
		<u>11,222,520</u>	<u>10,771,958</u>	<u>11,443,615</u>
Expenditure				
Home Based Care Support	13 (a)	(3,917,531)	(3,538,433)	(3,098,847)
Education Support	13 (b)	(528,919)	(992,700)	(495,060)
Farm Expenses	13 (c)	(102,815)	-	(65,240)
Capital Expenditure	13 (d)	(714,752)	(676,658)	(1,731,730)
Personnel Costs	14	(4,086,431)	-	(4,479,415)
Administrative Costs	15	(1,796,320)	-	(1,817,494)
Financial Costs	16	(19,370)	-	(24,774)
Depreciation		(364,644)	-	(468,004)
Total expenditure		<u>(11,530,782)</u>	<u>(5,207,791)</u>	<u>(12,180,564)</u>
(Deficit) for the year		(308,262)	-	(736,949)
Add: Depreciation not involving movement of funds		<u>364,644</u>	-	<u>468,004</u>
		56,382	-	(268,945)
Balance brought forward as at 1st January 2015		<u>228,432</u>	-	<u>497,377</u>
Surplus carried forward as at 31st December 2015		<u>284,814</u>	-	<u>228,432</u>

The accounting policies on pages 9 to 11 and the notes on pages 12 to 16 form an integral part of these financial statements.

Report of the independent auditors - page 4.

STATEMENT OF CHANGES IN EQUITY

	General fund	Accumulate d fund	Total
As start of 2014	1,238,021	17,650,715	18,888,736
Surplus for the year	-	228,432	228,432
At end of 2014	<u><u>1,238,021</u></u>	<u><u>17,879,147</u></u>	<u><u>19,117,168</u></u>
As start of 2015	1,238,021	17,879,147	19,117,168
Surplus for the year	-	284,814	284,814
Prior Year Adjustment	(564,270)	-	(564,270)
At end of 2015	<u><u>673,751</u></u>	<u><u>18,163,961</u></u>	<u><u>18,837,712</u></u>

The accounting policies on pages 9 to 11 and the notes on pages 12 to 16 form an integral part of these financial statements.

Report of the independent auditors - page 4.

STATEMENT OF CASH FLOWS

	Notes	2015 Shs	2014 Shs
Cash flow (used in) operating activities			
Cash (used in)/generated from operations	6	<u>56,382</u>	<u>1,462,784</u>
Net cash (used in)/generated from in operations		<u>56,382</u>	<u>1,462,784</u>
Investing activities			
Capital expenditure for the year	1	<u>-</u>	<u>(1,731,730)</u>
Net cash (used in) investing activities		<u>-</u>	<u>(1,731,730)</u>
Financing activities			
Net cash from/(used in) financing activities		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>56,382</u>	<u>(268,946)</u>
Movement in cash and cash equivalents			
At start of year		228,432	497,377
(Decrease)/increase		<u>56,382</u>	<u>(268,946)</u>
At end of year	2	<u>284,814</u>	<u>228,432</u>

The accounting policies on pages 9 to 11 and the notes on pages 12 to 16 form an integral part of these financial statements.

Report of the independent auditors - page 4.

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are prepared under the historical cost convention and are in compliance with International Financial Reporting Standards.

There have been no new Standards, Amendments and Interpretations relevant to the organisation that have been adopted in the year ending 31 December 2010.

The following standard has been issued and is mandatory for the organisation's periods beginning on or after 1 January 2013 and is expected to be relevant to the organisation:

- International Financial Reporting Standard (IFRS 9) on 'Financial Instruments: Classification and Measurement' - The standard was issued in November 2009 and will replace the areas in International Accounting Standard 39 (IAS 39) that relate to classification and measurement of financial assets. Adoption is mandatory from 1 January 2013 although early adoption is permissible.
- IAS 7 on 'Cash flow Statement' (effective on or after 1 January 2011). The amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. It is not expected to have a material impact on the organisation's financial statements.

b) Revenue recognition

Revenue comprises grants received and expended during the year. Unexpended portion of grant is deferred.

c) Assets

All assets are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income and expenditure statement during the financial period in which they are incurred.

Depreciation on assets is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Land & Building	0
Equipment	12.5
Computers and copiers	30
Furniture and fittings	12.5

Depreciation charge on donated assets is charged against deferred income relating to capital expenditure.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Assets (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining (deficit)/surplus for the year.

d) Financial instrument

Financial assets

The organisation's financial assets which include cash and bank balances, unquoted shares and trade and other receivables fall into the following category:

- **Loans and receivables:** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the income and expenditure statement.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the organisation commits to purchase or sell the asset.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determining operating surplus.

Financial liabilities

The organisation's financial liabilities which include trade and other payables and borrowings fall into the following category:

Financial liabilities measured at amortised cost: These are initially measured at fair value and subsequently measured at amortised cost.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the income and expenditure statement under finance costs.

All financial liabilities are classified as current liabilities unless the organisation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Financial liabilities are derecognised when, and only when, the organisation's obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

f) Taxation

The organisation is exempted from corporation tax.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Retirement benefit obligations

The organisation and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The organisation's contributions to the defined contribution scheme are charged to the income and expenditure statement in the year to which they relate.

i) Accounting for leases

The company as a lessee

Leases of property and equipment, where the company assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at cost. Each lease payment is allocated between the liability and finance charges. The interest element is charged to the statement of comprehensive income over the lease period and is included under finance costs. Such property and equipment is depreciated over its useful life.

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

j) Deferred income

Deferred income is recognized for all donations of capital in nature received by the organisation against property, plant and equipment. The depreciation charge relating to these assets is charged against the deferred income.

k) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

1. Assets

Year ended 31 December 2015

	Land & Building Shs	Motor Vehicle Shs	Computers & printers Shs	Furniture & fixtures Shs	Total Shs
Cost					
At start of year	17,181,824	1,779,450	85,813	1,038,984	20,086,071
Additions	-	-	-	-	-
At end of year	17,181,824	1,779,450	85,813	1,038,984	20,086,071
Depreciation					
At start of year	-	778,510	43,765	224,629	1,046,904
Charge for year	-	250,235	12,614	101,794	364,644
At end of year	-	1,028,745	56,379	326,423	1,411,548
Net book value	17,181,824	750,705	29,434	712,561	18,674,523

Year ended 31 December 2014

	Land & Building Shs	Motor Vehicle Shs	Computers & printers Shs	Furniture & fixtures Shs	Total Shs
Cost					
At start of year	15,622,734	1,779,450	85,813	866,344	18,354,341
Additions	1,559,090	-	-	172,640	1,731,730
At end of year	17,181,824	1,779,450	85,813	1,038,984	20,086,071
Depreciation					
At start of year	-	444,863	25,744	108,293	578,900
Charge for year	-	333,647	18,021	116,336	468,004
At end of year	-	778,510	43,765	224,629	1,046,904
Net book value	17,181,824	1,000,940	42,048	814,355	19,039,167

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Cash and cash equivalents	2015 Shs	2014 Shs
Equity Bank A/c No. 0680297283662	275,058	215,882
Cash balances	<u>9,756</u>	<u>12,550</u>
	<u>284,814</u>	<u>228,432</u>

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the above.

The organisation is not exposed to credit risk on cash and bank balances as these are held with sound financial institutions.

The carrying amounts of the organisation's cash and cash equivalents are denominated in the following currencies:

Kenya Shillings	<u>284,814</u>	<u>228,432</u>
	<u>284,814</u>	<u>228,432</u>

3. Trade and other payables

Current		
NSSF	24,360	21,240
NHIF	12,150	3,840
PAYE	5,115	2,977
G4S Security services	-	52,374
Khoya & Company	<u>80,000</u>	<u>70,000</u>
	<u>121,625</u>	<u>150,431</u>

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amount of the organisation's trade and other payables are denominated in Kenya Shillings.

The maturity analysis of trade and other payables is within 3 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Grants	2015	2014
Restricted Grants	Shs	Shs
Mumias Kids Centre Association - Switzerland	11,222,520	11,442,955
	<u>11,222,520</u>	<u>11,442,955</u>
5. Other income		
Bank interest	-	660
	<u>-</u>	<u>660</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Cash (used in)/generated from operations	2015	2014
	Shs	Shs
Reconciliation of (deficit)/surplus from operations to cash (used in)/generated from operations:		
Surplus from operations	Page 7 284,814	228,432
Adjustments for:		
Depreciation of property, plant and equipment (Note 1)	101,794	468,004
Changes in working capital:		
- trade and other payables	(28,806)	(471,673)
- General fund	(301,420)	1,238,021
Cash (used in)/generated from operations	<u>56,382</u>	<u>1,462,784</u>

7. Risk management objectives and policies

Financial risk management

The organisation's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the club's financial performance.

Risk management is carried out by the management committee and in close collaboration with the directors. The management committee identifies, evaluates and mitigates financial risks in close co-operation with various departmental heads.

a) Market risk

- Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the foreign currency. The risk arises from future transactions, assets and liabilities in the statement of financial position. As at the reporting date, there were no material foreign currency balances.

b) Credit risk

Credit risk arises from cash and cash equivalents and trade and other receivables.

does not expect any losses from non-performance by these counterparties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Risk management objectives and policies (continued)

b) Credit risk (continued)

None of the financial assets that are fully performing has been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations as they fall due. The organization ensures its inflows and outflows are matched sufficiently to minimize its exposure on liquidity risk.

Notes 5 and 6 disclose the maturity analysis of trade and other payables and borrowings and respectively.

9 Fund management

The organization's objectives when managing fund are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide benefits for the stakeholders; and
- to maintain a strong asset base to support the development of project.

To manage the funds, the organization runs on annual budgets approved by the board of directors in conjunction with the respective project donors.

10. Registration

The organisation is registered in Kenya under section 10 of the Non-Governmental Organizations Co-ordination Act (1995) vide certificate No. OP. 218/051/2009/0531/6135.

11. Exemption certificate

The organization obtained an exemption certificate number 20130705/2123 from Kenya Revenue Authority for a period of 5 years commencing 05/07/2013 to 05/07/2018.

12. Presentation currency

These financial statements are prepared in Kenya Shillings.

SCHEDULE OF EXPENDITURE

13. PROJECT COSTS	Actual 2015 Shs	Budget 2015 Shs	Actual 2014 Shs
a) Home Based Care Support			
Food & Other consumables	2,637,796	2,572,000	2,442,948
Clothing & Beddings	121,921	100,000	52,535
House Goods	302,277	-	-
Fuel (Charcoal & gas)	256,819	136,700	75,700
Medical costs	598,718	729,733	527,664
	<u>3,917,531</u>	<u>3,538,433</u>	<u>3,098,847</u>
b) Education Support			
School & Exam fee	179,335	-	117,800
School uniforms & supplies	349,584	992,700	377,260
	<u>528,919</u>	<u>992,700</u>	<u>495,060</u>
c) Farm Expenses			
Ploughing & planting costs	102,815	-	65,240
	<u>102,815</u>	<u>-</u>	<u>65,240</u>
d) Capital Expenditure			
Building costs	714,752	625,208	1,344,500
Perimeter wall	-	-	214,590
Equipments	-	51,450	172,640
	<u>714,752</u>	<u>676,658</u>	<u>1,731,730</u>
TOTAL PROJECT COSTS	<u>5,264,017</u>	<u>5,207,791</u>	<u>5,390,877</u>
14. PERSONNEL COSTS			
Salaries & wages	2,962,634	3,162,000	3,585,411
Security charges	702,175	671,679	568,626
National Social Security Fund (NSSF)	252,038	288,770	186,500
National Hospital Insurance Fund (NHIF)	107,150	101,150	64,210
Pay As You Earn (PAYE)	62,434	80,684	22,108
Staff Uniforms	-	-	52,560
	<u>4,086,431</u>	<u>4,304,283</u>	<u>4,479,415</u>
15. ADMINISTRATIVE EXPENSES			
Electricity & water	187,748	252,800	287,088
Legal services	26,500	-	18,100
Insurance & licences	34,600	58,000	12,054
Inspection fee	-	-	10,420
Stationery & consumables	30,093	41,800	22,100
Telephone & postages	50,116	-	47,354
Motor Vehicle running costs	653,348	751,419	719,773
Travelling & transport	195,068	-	143,905
Fumigation costs	-	-	25,000
Audit & accountancy fee	80,000	70,000	70,000
Christmas Expenses	257,000	-	-
Repairs & maintenance	145,472	95,000	136,485
Generator fuel	-	33,200	38,500
Emergency kit	-	120,000	102,500
Office expenses	136,375	415,000	184,215
	<u>1,796,320</u>	<u>1,837,219</u>	<u>1,817,494</u>
16. FINANCIAL COSTS			
Bank charges & Interest	19,370	7,860	24,774
	<u>19,370</u>	<u>7,860</u>	<u>24,774</u>