

Audit

Report

MUMIAS KIDS CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 ST DECEMBER, 2021



Khoya and Co.
Certified Public Accountants (K)

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STATEMENT OF ACCOUNTABILITY STRUCTURE MEMBERS RESPONSIBILITIES

The board Accountability Structure members : Elizabeth Mutimba Wahl - Chairperson
: Mercy Zawadi - Secretary
; Michael Andreas Merkt - Treasurer

PRINCIPAL PLACE BUSINESS : Mumias - Musanda Road
: Plot No. 3338
: P.O. Box 371 - 50102
: Mumias

INDEPENDENT AUDITOR : Khoya and Company
: Certified Public Accountants
: P.O. Box 6430, 40103
: KISUMU

PRINCIPAL BANKER : Equity Bank
: Mumias

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

The board members are required to prepare the financial statements which give a true and fair view as at 31 st December 2021, which disclose the state of affairs of the organisation.

PRINCIPAL ACTIVITY

The organisation is non-profit seeking and community based organisation, with a mission to:-

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

The hallmarks of the organisation's strategic direction are the strategic areas below:

- : Medical
- : Bio sand Water filter
- : Caring for opharns
- : Jigger Eradication

BUSINESS REVIEW

During the year ended 31 st December 2021 the total grant income of the organisation was
Shs. **14,699,779**

Key performance indicators	2021 Ksh	2020 Ksh
Grant income (Shs)	14,699,779	14,174,446
Net assets (Shs)	(68,870)	(234,005)

BOARD MEMBERS

The board members who held office during the year and to the date of this report are shown on page 1.

STATEMENT AS TO DISCLOSURE TO THE ORGANISATION'S AUDITOR

With respect to each Board member at the time this report was approved:

- (a) there is, so far as the person is aware, no relevant audit information of which the organisation's auditor is unaware; and
- (b) the person has taken all the steps that the person ought to have taken as a member of the board of trustees so as to be aware of any relevant audit information and to establish that the organisation's auditor is aware of that information.

STATEMENT OF ACCOUNTABILITY STRUCTURE MEMBERS RESPONSIBILITIES

The organisation's auditor, Khoya and Company, continue in office.



CHAIRMAN

Shs. 30. 3 2022

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

The board members are required to prepare the 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 results for that year. They are also required to ensure that the organisation maintains proper accounting records which disclose with reasonable accuracy the financial position of the organisation. The board of trustees are also responsible for safeguarding the assets of the organisation.

The organisation is non-profit seeking NGO registered under section 10 of the Non-Governmental Organizations Co-ordination Act.

responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The board of directors is of the opinion that the financial statements give a true and fair view of the financial position of the organisation as at 31st December, 2021 and of the organisation's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs) and the requirements of the Non Governmental Organisations Co-ordination Act.

In preparing these financial statements management have assessed the organisation's ability to continue as a going concern. Nothing has come to the attention of management to indicate that the organisation will not remain a going concern for at least the next twelve months from the date of this statement.

Management acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of management is aware, there is no relevant audit information which the auditor is unaware of, and each of the management team has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on 01.03. 2022 signed on its behalf by:

ACCOUNTABILITY STRUCTURE MEMBERS

The Accountability Structure members who held office during the year and to the date of this report are shown on page 1.



CHAIRMAN



SECRETARY

With respect to each Accountability Structure member at the time this report was approved:



REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS FOR MUMIAS KIDS CENTRE

Opinion

We have audited the organisation financial statements of **Mumias Kids Centre** set out on pages 6 to 13 which comprise the statement of financial position as at 31st December 2021, Statement of income and expenditure, statement of changes in reserves and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the state of financial position of Mumias Kids Centre as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Non Governmental Organisations Co-ordination Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The management is responsible for the other information. The other information comprises the report of the management but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) and the requirements of the Non Governmental Organisations Co-ordination Act 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS FOR MUMIAS KIDS CENTRE

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of trustees.
- Conclude on the appropriateness of board of trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


KHOYA & COMPANY
Certified Public Accountants
P. O. Box 6430 - 40103
Tel: 0722 328769

Certified Public Accountants
KISUMU

30th MARCH 2022

STATEMENT OF INCOME AND EXPENDITURE

Income	Notes	2021 Shs	2020 Shs
Grants	3	<u>14,699,779</u>	<u>14,174,446</u>
Less: expenses			
Programme expenses	4	(7,915,240)	(7,390,340)
Employment Expenses	5	(4,895,304)	(4,365,452)
Administrative expenses	6	(1,724,100)	(2,479,405)
Total expenses		<u>(14,534,644)</u>	<u>(14,235,197)</u>
Income Over Expenditure		<u>165,135</u>	<u>(60,751)</u>

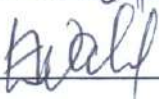
The notes on pages 11 to 16 form an integral part of these financial statements.


Report of the independent auditor - pages 5 and 6.

STATEMENT OF FINANCIAL POSITION

RESERVES	Notes	31st Dec 2021 Shs	31st Dec 2020 Shs
Accumulated fund		<u>18,883,105</u>	<u>17,778,449</u>
Property and equipment	6	<u>18,951,974</u>	<u>18,012,454</u>
Trade and other receivables		-	-
Cash and cash equivalents		<u>464,283</u>	<u>313,155</u>
		<u>464,283</u>	<u>313,155</u>
Current liabilities			
Trade and other payables	8	<u>533,153</u>	<u>547,160</u>
Net current liabilities		<u>(68,870)</u>	<u>(234,005)</u>
		<u>18,883,104</u>	<u>17,778,449</u>

The financial statements on pages 7 to 14 were approved and authorised for issue by the board of directors on 01.03 2022 and were signed on its behalf by:


 CHAIRMAN


 SECRETARY

The notes on pages 11 to 16 form an integral part of these financial statements.

ACCOUNTABILITY STRUCTURE MEMBERS

The Accountability Structure members who held office during the year and to the date of this report are shown on page 1. With respect to each Accountability Structure member at the time this report was approved:

STATEMENT OF CHANGES IN GENERAL FUNDS

	Utilised funds Shs	Capital Reserves Shs	2021 Total Shs
At start of year 2021	17,240,293	538,156	17,778,449
Additions	-	1,343,300	1,343,300
Depreciation	-	(403,780)	(403,780)
Surplus/(deficit) for the year	165,135	-	165,135
At end of year 2021	17,405,428	1,477,676	18,883,105

	Utilised funds Shs	Capital Reserves Shs	2020 Total Shs
At start of year 2020	17,301,044	673,751	17,974,795
Additions	-	-	-
Depreciation	-	(135,595)	(135,595)
Surplus/(deficit) for the year	(60,751)	-	(60,751)
At end of year 2020	17,240,293	538,156	17,778,449

STATEMENT OF ACCOUNTABILITY STRUCTURE MEMBERS RESPONSIBILITIES

	Note	2021 Shs	2020 Shs
Operating activities			
Surplus/(deficit) before tax		165,135	(60,751)
Changes in working capital			
trade and other receivables		-	-
Depreciation		-	-
trade and other payables		(14,007)	-
		<u>151,128</u>	<u>(60,751)</u>
		<u>151,128</u>	<u>(60,751)</u>
Net cash from/(used in) operating activities			
Purchase of property and equipment	7	-	-
prior year adjustments		-	-
Net cash (used in) investing activities		<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		151,128	(60,751)
Movement in cash and cash equivalents			
At start of year		313,155	373,906
Increase/(decrease)		<u>151,128</u>	<u>(60,751)</u>
At end of year	9	<u><u>464,283</u></u>	<u><u>313,155</u></u>

ACCOUNTABILITY STRUCTURE MEMBERS

The Accountability Structure members who held office during the year and to the date of this report are shown on page 1.

With respect to each Accountability Structure member at the time this report was approved:

STATEMENT OF ACCOUNTABILITY STRUCTURE MEMBERS RESPONSIBILITIES

The General information

Connect Africa is registered in Kenya as a Non-Governmental Organization under section 10 of the Non-Governmental Organizations Co-ordination Act, and is domiciled in Kenya. The address of its registered office and principal place of business is indicated on page 1. 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.

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements.

Going concern

The financial performance of the organisation is set out in statement of income and expenditure. The financial position of the organisation is set out in the statement of financial position.

Based on the financial performance and position of the organisation and its risk management policies, the management is of the opinion that the organisation is well placed to continue in operation for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Revenue including grants and donations received

Revenue comprises the fair value of the consideration received or receivable from donors.

- (i) Grants for restricted purposes and for specified funded projects are recognised when receivable and spent on qualifying activities. Any unutilised grants are recognised as deferred income and any excess expenditure over income is recorded as grants receivable at year end where there is commitment of additional funds from grant providers.

Capital grants

This represents funds received for purchase of property and equipment. The initial amount is credited to a deferred income account known as capital grants. The grant balance is amortised annually at an amount equal to that of depreciating the assets purchased with the grants.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the date of this report 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 surplus or deficit in the year in which they arise.

Where there is a foreign currency gain or loss on restricted funds and there is no provision in the donor agreement on how to treat it, then the exchange gain or loss is transferred to the unrestricted funds.

STATEMENT OF ACCOUNTABILITY STRUCTURE MEMBERS RESPONSIBILITIES

Th Significant accounting policies (continued)

e) Property and equipment

All property and equipment acquired from unrestricted funds 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. Property and equipment acquired Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured.

Depreciation is calculated on straght line method to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Building	0
Motor Vehicle	25
Computer & Printer	25
Furniture & Fixtures	10

All depreciation costs are charged and written off against the specific project it was acquired for.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit or loss.

f) Cash and cash equivalents

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

g) Taxation

A No taxation has been provided in these financial statements as discussed further in Note 14 to the financial statements.

The Accountability Structure members who held office during the year and to the date of this report are shown on page 1.

h) Deferred income

Grant income is deferred where it has been received to fund specific future expenditure. With respect to each Accountability Stucture member at the time this report was approved:

i) Other payables

Other payables are obligations on the basis of normal credit terms and do not bear interest.

j) Comparatives

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

NOTES (CONTINUED)

	2021 Shs	2020 Shs
3. a) Grant income		
Mumias Kids Centre Association - Switzerland	14,699,779	14,169,333
Restricted revenue grants	14,699,779	14,169,333
b) Other Income		
Bank Interest	-	5,113
		5,113
Total Income Received	14,699,779	14,174,446
4. Programme Expenses		
a) Home Based Care Support		
Food & Other consumables	4,231,000	3,492,500
Clothing & Beddings	103,100	175,610
House Goods	-	202,500
Fuel (Charcoal & gas)	82,700	52,350
Medical costs	658,750	1,312,680
Welfare expenses	-	113,850
	5,075,550	5,349,490
b) Education Support		
School & Exam fee	1,315,000	582,650
School uniforms & supplies	147,000	52,600
	1,462,000	635,250
c) Farm Expenses		
Ploughing & planting costs	34,390	155,600
	34,390	155,600
d) Capital Expenditure		
Motor Vehicle Pick - up	990,000	-
Computers & printers	152,600	-
Furniture & fixtures	200,700	-
Building costs & repairs	-	1,250,000
	1,343,300	1,250,000
TOTAL PROGRAMME EXPENSES	7,915,240	7,390,340

NOTES (CONTINUED)

5. Employment expenses

Salaries & Wages	3,532,400	3,212,058
Support to Elizabeth Wahl	168,000	-
Security charges	670,000	658,210
Payroll expenses	524,904	472,484
Staff uniforms / welfare	-	22,700
	<u>4,895,304</u>	<u>4,365,452</u>

6. Administrative expenses

Electricity & water	392,400	538,752
Insurance & licences	56,000	34,420
Registration Renewal	-	2,000
Stationery & consumables	-	10,615
Telephone & postages	46,500	42,785
Motor Vehicle running costs	542,050	405,235
Travelling & transport	28,000	285,985
Audit & accountancy fee	165,000	190,000
Christmas Gift Expenses	33,000	60,050
Repairs & maintenance	351,378	530,240
Office expenses	16,900	178,955
Generator Fuel & lamps	12,000	32,700
Funeral expenses	40,000	42,760
Workshop & seminars	-	100,875
Bank charges & interest	40,873	24,033
Total other administrative expenses	<u>1,724,100</u>	<u>2,479,405</u>
Total administrative expenses	<u>6,619,404</u>	<u>6,844,857</u>

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

YEAR ENDED 31 DECEMBER, 2021

7.	Land & Building Ksh	Motor Vehicle Ksh	Computers & Printers Ksh	Furniture & Fixtures Ksh	2021 TOTALS Ksh
Cost					
At start of year	17,344,464	1,824,450	85,813	1,171,469	20,426,196
Additions	-	990,000	152,600	200,700	1,343,300
At end of year	<u>17,344,464</u>	<u>2,814,450</u>	<u>238,413</u>	<u>1,372,169</u>	<u>21,769,496</u>
Depreciation					
At start of year	-	1,620,992	80,866	711,884	2,413,742
Charge for the year	-	298,365	39,387	66,029	403,780
At end of year	-	<u>1,919,357</u>	<u>120,253</u>	<u>777,913</u>	<u>2,817,522</u>
Net book value					
As at 31 December .	<u>17,344,464</u>	<u>895,094</u>	<u>118,160</u>	<u>594,257</u>	<u>18,951,974</u>

YEAR ENDED 31 DECEMBER, 2020

	Land & Building Ksh	Motor Vehicle Ksh	Computers & Printers Ksh	Furniture & Fixtures Ksh	2020 TOTALS Ksh
Cost					
At start of year	17,344,464	1,824,450	85,813	1,171,469	20,426,196
Additions	-	-	-	-	-
At end of year	<u>17,344,464</u>	<u>1,824,450</u>	<u>85,813</u>	<u>1,171,469</u>	<u>20,426,196</u>
Depreciation					
At start of year	-	1,553,172	78,746	646,229	2,278,147
Charge for the year	-	67,820	2,120	65,655	135,595
At end of year	-	<u>1,620,992</u>	<u>80,866</u>	<u>711,884</u>	<u>2,413,742</u>
Net book value					
As at 31 December	<u>17,344,464</u>	<u>203,458</u>	<u>4,947</u>	<u>459,585</u>	<u>18,012,454</u>

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

	2021	2020
	Ksh	Ksh
7. Trade & Payables		
Khoya & Company	165,000	190,000
Payroll expenses	19,442	42,110
Other payables	348,711	315,050
	<u>533,153</u>	<u>547,160</u>

8. Cash and cash equivalents

Cash at bank and in hand	<u>464,283</u>	<u>313,155</u>
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For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the above.

	2021	2020
	Shs	Shs
9. Programme capital expenditure		
Motor Vehicle pick-up	990,000	-
Computer & Printer	152,600	
Furniture & Fixtures	200,700	
	<u>1,343,300</u>	<u>-</u>

10. Taxation

No provision for taxation has been recognised in these financial statements as the organisation is considered to be exempt from tax on its income. While the organisation does not have a current tax exemption certificate issued by the Kenya Revenue Authority, the management is of the view that such an exemption would be forthcoming based on the not-for profit nature of operations of the entity.