

Hatua Likoni

Annual Report

And

Financial Statements

For Year Ended

30 September 2010

HATUA LIKONI

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 30 SEPTEMBER, 2010.

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HATUA LIKONI

ORGANIZATION OFFICIALS' REPORT
FOR YEAR ENDED 30TH SEPTEMBER 2010

The Organization Director submits her report together with the audited financial statements for the year ended 30 September 2010, which discloses the state of the affairs of the organization.

PRINCIPAL ACTIVITIES

The principal activity of the organization is to assist needy children and youth in Likoni, Kenya. The organization's programs include Twaayf Children's Development Centre, a nurturing home for orphaned and abandoned children, Madaraka Community School, a nursery providing high quality, low cost education to children from low income families and the Likoni Scholarship Fund, a bursary and mentoring program for gifted secondary school students who would otherwise lack the means to pursue education.

RESULTS:

The Net Surplus Funds for the period is Kshs. 1,508,632. This surplus was used to acquire additional fixed assets as per non – current assets schedule, note 7 on page nine of the the financial statements

AUDITORS

The Auditors, M/S. Osoro and Associates, Certified Public Accountants, have been appointed Organization Auditors.

By order of the Board

SECRETARY

_____ 2011

HATUA LIKONI

**STATEMENT OF ORGANIZATION OFFICIALS' RESPONSIBILITIES FOR THE YEAR ENDED
30TH SEPTEMBER, 2010**

The CBOs Co- ordination Act requires the organizations' officials to prepare Financial Statements for each financial year that give a true and fair view of the State of Affairs of the organization as at the end of the financial year and of its surplus and deficit. It also requires the organization officials to ensure that the organization keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the organization. They are also responsible for safeguarding the assets of the organization.

The organizations' officials accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Financial Reporting Standards and the requirements of the CBOs Co- ordination Act.

The organization officials are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the organization and of its surplus and deficit.

The organization officials further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

.....
DIRECTOR - HATUA LIKONI

...../ 2011
DATE

OSORO & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Former Amedo Centre Building, Room E16, Mwembe Tayari,
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12th May, 2011

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REPORT OF INDEPENDENT AUDITOR TO THE MEMBERS OF HATUA LIKONI

We have audited the Financial Statements of Hatua Likoni for the year ended 30 September 2009, set out on pages 4 to 9.

RESPECTIVE RESPONSIBILITIES OF THE ORGANIZATION OFFICIALS AND AUDITORS

The organization officials are responsible for the preparation of the Financial Statements. Our responsibility is to express an independent opinion on the financial statements based on our audit.

BASIS OF OPINION

We have conducted our audit in accordance with International Standards of Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit includes an examination on test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes all assessment of the accounting policies used and significant estimates made by the organization officials, as well as an evaluation of the overall presentation of the financial statements. We have obtained all the information and explanations that to the best of our knowledge and belief were necessary for purposes of our audit and believe that our audit provides a reasonable basis for our opinion.

OPINION

1. All the essential books of accounts and records were well maintained.
2. The financial statements are in agreement with the organization's books of accounts, and give a true and fair view of the state of the organization's financial affairs as at 30 September, 2010 and of its surplus/ deficit for the year, then ended in accordance with International Standards and the CBOs Co-ordination Act.

OSORO & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 85388 - 80100, MOMBASA

Osoro and Associates
Certified Public Accountants
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FINANCIAL STATEMENTS
FOR YEAR ENDED 30 SEPTEMBER, 2010**SURPLUS AND DEFICIT ACCOUNT**

	<u>NOTE</u>	<u>2010</u> <u>SHS</u>	-	<u>2009</u> <u>SHS</u>
Income	1	<u>6,227,227</u>	-	<u>3,836,764</u>
Program Imprementation	2	0		(113,566)
Administrative Expenses	3	(619,878)		(188,838)
Program Costs	4	(4,085,117)		(2,612,838)
Financial Expenses	5	<u>(13,600)</u>	-	<u>(29,698)</u>
			-	
Net Surplus for the year		<u>1,508,632</u>		<u>891,824</u>

HATUA LIKONI

FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER, 2010

BALANCE SHEET

FUNDS EMPLOYED

Investors Funds
Retained Earning
Add surplus
Members' Equity

TOTAL FUNDS EMPLOYED

REPRESENTED BY:

NON-CURRENT ASSETS

Property, Plant and Equipment

CURRENT ASSETS

Stock
Rent deposits
Debtors - Poultry
Cash and cash equivalents

CURRENT LIABILITIES

Sundry Creditors
Land balance
Audit fee

NET CURRENT ASSETS

TOTAL NET ASSETS

The financial statements on pages 4 to 7 were approved for issue by the board

of directors on _____ 2011 and signed on its behalf by:

DIRECTOR.

FINANCIAL STATEMENTS
FOR YEAR ENDED 30 SEPTEMBER, 2010

NOTES TO THE FINANCIAL STATEMENTS

	<u>2010</u>	<u>2009</u>
	<u>SHS</u>	<u>SHS</u>
1		
<u>INCOME</u>		
Donor Funds Received	5,439,287	3,836,764
Volunteer house	185,050	0
Mechandise sales	46,600	0
Holiday tuition income	2,000	0
Madaraka income	148,600	0
Poultry income	405,690	0
	<u>6,227,227</u>	<u>3,836,764</u>
<u>ESTABLISHMENTS</u>		
2		
<u>PROGRAM IMPLEMENTATION</u>		
Office Rent	0	1,300
Home Maintenance	0	110,866
Security	0	1,400
	<u>0</u>	<u>113,566</u>
3		
<u>ADMINISTRATIVE EXPENSES</u>		
Postage & internet	67,062	52,412
Allowances-airtime and transport	97,320	0
Stipends	225,384	0
Computer maintenance	11,000	0
Mombasa fundraising walk	6,189	0
Registration fee	3,300	3,400
Printing & stationery	25,428	54,732
Audit fee	37,000	19,200
Depreciation	69,379	51,534
Land search charges	33,750	0
Meeting expense	7,141	5,560
Office water and electricity	4,675	0
Staff loan	32,250	0
Imigration	0	2,000
	<u>619,878</u>	<u>188,838</u>
4		
<u>PROGRAM COSTS</u>		
School fees	861,574	549,837

Student Hostel	205,010	139,733
Water and electricity	60,732	123,471
Programme printing and stationery	92,591	48,623
Mentoring	28,104	41,645
Fuel, paraffin, gas & firewood	46,640	28,290
Twaayf Celebrations/events	26,262	133,846
Music production	3,560	8,755
Students & child Transport	120,390	165,300
Poultry project transport	31,300	0
Food	358,437	228,894
Clothing, uniforms, bags & shoes	173,541	164,671
Hygiene & Cleaning Materials	84,917	36,049
Stipends-program	1,087,280	- 790,070
Motorbike & bicycles maintenance	26,864	- 48,000
Medical expenses	105,745	- 49,254
Contibutions	15,229	- 9,800
Baseline survey	169,812	- 0
Allowances-airtime and transport	82,100	- 0
Twaayf Agriculture expenses	6,705	- 0
School books	89,581	- 0
Students boarding shopping	13,693	- 0
Students Trip	8,700	- 0
Football Tournements	42,209	- 0
LSF Welcome Ceremony	8,230	- 0
Literacy Day Event	4,276	- 0
Chicks	103,450	- 0
Feeds	194,820	- 0
Medicine - poultry	18,920	- 0
Water	7,945	- 0
Fuel - poultry	5,980	- 0
Sawdust	520	- 0
Staff training	0	- 46,600
	<u>4,085,117</u>	<u>- 2,612,838</u>
5 <u>FINANCIAL EXPENSES</u>		
Bank Charges and Interst	<u>13,600</u>	<u>- 29,698</u>
	<u>13,600</u>	<u>- 29,698</u>

HATUA LIKONI
FINANCIAL STATEMENTS
FOR YEAR ENDED 30 SEPTEMBER 2010

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:-

[a] **Basis of Preparation**

The financial statements are prepared in accordance with and comply with International Reporting Standards (I.F.R.S). The financial statements are presented in Kenya Shillings (Shs) and prepared under the Historical Cost Convention.

[b] **Revenue Recognition**

Revenue is recognized when services are rendered to and accepted by customers and are stated at net of V.A.T and discounts.

[c] **Translation of Foreign Currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings at the rates ruling at the transaction dates. The resulting differences from conversion and transaction are dealt with in the Profit and Loss Account in the year in which they arise.

[d] **Property, Computers, Plant and Equipment**

All property, motor vehicles, computers, plant and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation.

Depreciation is calculated on reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life as follows:-

[i]	Bicycles, Kitchen Equipment, Cutlery	12.5%
[ii]	Furniture, Fittings & Equipments	12.5%
[iii]	Computers	30%

Gains and Losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account determining operating profit.

[e] **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined by first-in, first-out FIFO method. Net realizable value is the estimate of selling price in the ordinary course of business less the cost of completion and selling expenses.

RETAINED EARNINGS

	2010	2009
	<u>SHS</u>	<u>SHS</u>
At start of year	891,824	0
Net surplus for the year	1,508,632	891,824
	-	-
At end of year	<u>2,400,456</u>	<u>891,824</u>

NON - CURRENT ASSETS

Property,
Plant, and
Equipments

	Land & building	Furniture & fittings	Kitchen equipment	Office tools & equipment	Electronic equipment	Computers	Machinery	Bicycles	
	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>
<u>COST</u>									
At 1st October, 2009	272,595	116,320	21,135	14,278	63,969	72,946	3,500	14,000	578,743
Addition	1,371,556	39,209	29,098	20,410	0	58,418	0	0	1,518,691
	<u>1,644,151</u>	<u>155,529</u>	<u>50,233</u>	<u>34,688</u>	<u>63,969</u>	<u>131,364</u>	<u>3,500</u>	<u>14,000</u>	<u>2,097,434</u>

DEPRECIATION

At 1st October, 2009	-	14,540	2,642	2,284	7,996	21,884	438	1,750	51,534
Charge for the year	-	17,624	5,949	4,051	6,997	32,844	383	1,531	69,379
	<u>-</u>	<u>32,164</u>	<u>8,591</u>	<u>6,335</u>	<u>14,993</u>	<u>54,728</u>	<u>821</u>	<u>3,281</u>	<u>120,913</u>

NET BOOK VALUE

At 30th. September, 2010	<u>1,644,151</u>	<u>123,365</u>	<u>41,642</u>	<u>28,353</u>	<u>48,976</u>	<u>76,636</u>	<u>2,679</u>	<u>10,719</u>	<u>1,976,521</u>
At 30th. September, 2009	<u>272,595</u>	<u>101,780</u>	<u>18,493</u>	<u>11,994</u>	<u>55,973</u>	<u>51,062</u>	<u>3,062</u>	<u>12,250</u>	<u>527,209</u>

STOCKS

The closing stocks amounted to:

SHS**DEBTORS**

Poultry debtors amounted to:

10,780

CASH AND CASH EQUIVALENTS

Cash and bank balance

437,693

PROJECT EXPENSES SUMMARY

PROGRAM IMPLEMENTATION

<u>ADMINISTRATIVE EXPENSES</u>	<u>TOTAL</u>
Postage & internet	69,742
Allowances-airtime and transport	97,320
Stipends	136,089
Computer maintenance	11,000
Mombasa fundraising walk	6,189
Registration fee	3,300
Printing & stationery	25,428
Audit fee	37,000
Depreciation	69,379
Land search charges	33,750
Meeting expense	7,141
Office water and electricity	4,675
Staff loan	<u>32,250</u>
	<u>533,263</u>

<u>PROGRAM COSTS</u>	<u>TOTAL</u>	<u>LSF</u>	<u>TWAAAYF</u>	<u>BASELINE SURVEY</u>	<u>COMMUNITY EVENTS</u>	<u>MECHANDISE</u>	<u>POULTRY PROJECT</u>
School fees	861,574	857,574	4,000	-	-	-	-
Hostel	205,010	50,510	-	-	-	-	-
Water and electricity	60,732	-	50,133	-	-	-	-
Programme printing and stationery	92,591	6,474	17,260	-	-	46,720	-
Mentoring	28,104	28,104	-	-	-	-	-
Fuel, paraffin, gas & firewood	46,640	-	39,480	-	-	-	-
Twaayf celebrations/events	26,262	-	26,262	-	-	-	-
Music production	3,560	-	3,560	-	-	-	-
Students & child Transport	120,390	50,090	66,790	-	-	-	-
Poultry project transport	31,300	-	-	-	-	-	31,300
Food	358,437	-	220,962	-	-	-	-
Clothing, uniforms, bags & shoes	173,541	125,294	36,650	-	-	-	-
Hygine & Cleaning Materials	84,917	-	80,744	-	-	-	-
Stipends	1,087,280	204,133	351,563	-	-	-	89,295
Motorbike & bicycles maintenance	26,864	-	26,864	-	-	-	-
Medical expenses	105,745	800	104,945	-	-	-	-
Contributions	15,229	-	-	-	15,229	-	-
Baseline survey	169,812	-	-	169,812	-	-	-
Allowances-airtime and transport	82,100	5,050	38,375	-	-	-	-
Twaayf Agriculture expenses	6,705	-	6,705	-	-	-	-
School books	89,581	89,581	-	-	-	-	-
Students boarding shopping	13,693	13,693	-	-	-	-	-
Students Trip	8,700	8,700	-	-	-	-	-
Football Tournements	42,209	-	-	-	42,209	-	-
LSF Welcome Ceremony	8,230	8,230	-	-	-	-	-
Literacy Day Event	4,276	-	-	-	4,276	-	-
Chicks	103,450	-	-	-	-	-	103,450
Chicken Feeds - poultry	194,820	-	-	-	-	-	194,820
Medicine - poultry	18,920	-	-	-	-	-	18,920
Water - poultry	7,945	-	-	-	-	-	7,945
Fuel - poultry	5,980	-	-	-	-	-	5,980
Sawdust - poultry	520	-	-	-	-	-	520
	4,085,117	1,448,233	1,074,293	169,812	61,714	46,720	452,230

FINANCIAL EXPENSES

Bank Charges and Interst	13,600
	13,600