

HATUA LIKONI ORGANIZATION

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

JOSIAH NJENGA & ASSOCIATES

Certified Public Accountants (K)



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FOR THE YEAR ENDED 30TH SEPTEMBER, 2016**

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**HATUA LIKONI ORGANIZATION
ORGANIZATION INFORMATION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016**

1. **BOARD OF TRUSTEES** : Chairman - Mr. Benjamin Muli
: Treasurer - Mr. Stephen Njanje
: Secretary - Mr. Dancan Onyimbi

2. **ADDRESS** : P.O Box 96690-80110
Likoni, Mombasa

3. **INDEPENDENT AUDITOR** : Josiah Njenga & Associates
Mombasa Trade Centre, Phase 2, 2nd Floor
P.O. Box 41825-80100
MOMBASA.

4. **BANKERS** : Cooperative Bank
Likoni Branch,
P. O. Box 96056 – 80110 Likoni,
MOMBASA.

: Rafiki Bank
Likoni Branch,
P.O. Box 12755 – 80110 Likoni,
MOMBASA.

: Barclays Bank Of Kenya
Digo Branch,
P.O. BOX 90184 – 80100
MOMBASA.

5. **PRINCIPAL ACTIVITY** : Promoting education and employment
through scholarship, mentorship and
career guidance.

HATUA LIKONI ORGANIZATION
BOARD OF TRUSTEES REPORT
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

The Board of Trustees submit their report together with the audited financial statements for the year ended 30th September, 2016 which disclose the state of affairs of the organization.

General Review

The organization was registered on 9th December 2010 .The constitution stipulates that the organization is to be controlled by the Board of Trustees who should administer all money obtained by way of donation, grants, loans or subsidies in such a manner as to further the objective of the organization subject to the terms of condition of the organization.

The principal activity

The principal activity of the organization is to promote education and employment through scholarship, mentorship and career guidance.

Financial result and state of affairs.

The financial results for the year under review are reflected in the statement of comprehensive income and statement of financial position as at 30th September, 2016.

Trustees.

The trustees who held office during the year are set out on page 1

Auditor:

Messrs Josiah Njenga & Associates who were appointed to the office during the year express their willingness to continue in office.

By order of the organization

Secretary

Date:2016

MOMBASA.

HATUA LIKONI ORGANIZATION
STATEMENT OF RESPONSIBILITES OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

The organization constitution requires the board of trustees to prepare financial statements for each financial year. The board of trustees is also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the organization. They are also responsible for safeguarding the assets of the organization.

The board of trustees accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates and in conformity with Generally Accepted Accounting Procedures. The Board of Trustees are of the opinion the financial statements give a true and fair view of the state of the financial affairs of the organization and of its operating results. The Board of Trustees further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as adequate systems of the internal financial control.

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

Approved by the trustees on2016 and signed on its behalf by:

.....]
]

TRUSTEES

REPORT OF THE INDEPENDENT AUDITOR**TO THE BOARD OF TRUSTEES OF HATUA LIKONI ORGANIZATION**

We have audited the accompanying financial statements of Hatua Likoni Organization set out on pages 5 to 15 which comprise the statement of financial position as at 30th September, 2016, statement of comprehensive income, statement of cash flows, and summary of significant accounting policies and other explanatory information.

Trustees Responsibility

The trustees' responsibilities for preparing the annual report and the financial statements in accordance with Generally Accepted Accounting Procedures are set out in the statement of trustees' responsibilities.

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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgment, including the assessment of risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to the organization preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the trust internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the organization as at 30th September 2016, and of its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Procedures.

*The engagement partner responsible for the audit resulting in this independent auditor's report was CPA
Josiah K. Njenga- P/No.1110*

JOSIAH NJENGA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS (K)
DATE:2016
MOMBASA

HATUA LIKONI ORGANIZATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

		2016	2015
	<u>NOTES</u>	<u>KSHS</u>	<u>KSHS</u>
<u>INCOMING RESOURCES</u>			
Grants and donations	3.	24,875,308	20,200,468
Hatua Likoni Incomes	4.	<u>123,883</u>	<u>222,133</u>
		<u>24,999,191</u>	<u>20,422,601</u>
<u>RESOURCES EXPENDED</u>			
Program costs		21,578,682	17,693,126
Management costs		1,727,747	1,392,362
Fundraising costs		395,653	162,460
Income generating activities		522,004	611,406
Depreciation		<u>412,697</u>	<u>337,994</u>
Total resources expended		<u>24,636,783</u>	<u>20,197,349</u>
<u>SURPLUS FOR THE YEAR</u>		362,408	225,252
TAXATION	10.	<u>-</u>	<u>-</u>
<u>SURPLUS AFTER TAXATION</u>		<u>362,408</u>	<u>225,252</u>
<u>NET CHANGE IN RESERVES</u>			
ACCUMULATED FUNDS		<u>362,408</u>	<u>225,252</u>
		<u>362,408</u>	<u>225,252</u>

Notes 1 to 11 form an integral part of these financial statements

HATUA LIKONI ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2016

	<u>NOTES</u>	2016 <u>KSHS</u>	2015 <u>KSHS</u>
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property, plant & equipment	5.	<u>14,895,090</u>	<u>13,219,057</u>
<u>CURRENT ASSETS</u>			
Receivable and prepayments	6.	17,444	-
Cash and bank	9.	<u>1,606,191</u>	<u>1,166,766</u>
		<u>1,623,635</u>	<u>1,166,766</u>
<u>CURRENT LIABILITIES</u>			
Payable and accruals	7.	<u>930,494</u>	-
		<u>930,494</u>	-
<u>NET CURRENT ASSETS</u>		<u>693,141</u>	<u>1,166,766</u>
<u>NET ASSETS</u>		<u>15,588,231</u>	<u>14,385,823</u>
<u>FINANCED BY:</u>			
<u>Accumulated fund</u>			
General Reserve		<u>15,588,232</u>	<u>14,385,823</u>
		<u>15,588,232</u>	<u>14,385,823</u>

The financial statements on pages 5 to 15 were approved by the Board of Trustees

on2016 and were signed on its behalf by:

CHAIRMAN :TREASURER :

HATUA LIKONI ORGANIZATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

	<u>NOTES</u>	<u>KSHS.</u>	<u>Total</u> <u>KSHS.</u>
As at 1st October, 2014		11,988,571	11,988,571
Grants (donations in kind)	11.	2,172,000	2,172,000
Surplus for the year		225,252	225,252
As at 30th September, 2015		14,385,823	14,385,823
As at 1st October, 2015		14,385,823	14,385,823
Prior year adjustment	8.	(30,000)	(30,000)
Grants (donations in kind)	11.	870,000	870,000
Surplus for the year		362,408	362,408
As at 30th September, 2016		15,588,232	15,588,232

HATUA LIKONI ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

		2016	2015
	<u>NOTES</u>	<u>KSHS.</u>	<u>KSHS.</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Surplus for the year		362,408	225,252
Adjustments for :depreciation	6.	412,697	337,994
prior year	8.	<u>(30,000)</u>	<u>-</u>
Surplus before working capital changes		745,105	563,246
<u>Working capital changes</u>			
Increase in receivable and prepayments		(17,444)	-
Increase in payables and accruals		<u>930,494</u>	<u>-</u>
Net cash flow from operating activities		<u>1,658,155</u>	<u>563,246</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
Purchase of assets		<u>(1,218,730)</u>	<u>-</u>
Net cash flow from investing activities		<u>(1,218,730)</u>	<u>-</u>
Net increase in cash and cash equivalents		439,425	563,246
Cash and cash equivalents at the beginning of the year		<u>1,166,766</u>	<u>603,520</u>
Cash and cash equivalents at the end of the year	9.	<u>1,606,191</u>	<u>1,166,766</u>

HATUA LIKONI ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

1. GENERAL INFORMATION

Hatua Likoni Organization was registered by the NGO Coordination Board of Kenya on December 9, 2010 and is domiciled in Kenya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrued basis of accounting and comply with International Financial Reporting Standards (IFRS). Accordingly, revenues and assets are recognized when earned and incurred respectively

(b) Unrestricted Funds - Organisation Collection

The unrestricted funds for Hatua Likoni Organization arise from:-

- Income from cyber café, library registration and photocopy services .

(c) Foreign Currency Transactions

Hatua Likoni Organization financial statements are expressed in Kenya Shillings. Transactions in other currencies have been treated as follows:-

- (i) Grant and donations are converted to Kenya shillings at the rate of exchange prevailing on the date of receipts.
- (ii) Expenditure are in local currencies i.e. Kenya Shillings.
- (iii) Assets and liabilities at the statement of financial position date which are expressed in foreign currency are converted at the appropriate rate of exchange ruling at the year end. The resulting difference from translation and conversion are dealt with in the statement of comprehensive income in the year which they arise.

(d) Donor Funds

The funds received from Donors are specific as to use i.e. they are restricted.

The grants were recognized as income when received by Hatua Likoni Organization. Though accrual method is generally adopted, grants expenses have been recognized and recorded when paid out to the recipients. Balance of unutilized/over utilized funds has been carried forward under reserves and as covered by Bank balance and property, plant and equipments.

(e) Property, plant and equipment

The organization property, plant and equipment are depreciated on a reducing balance method based on the estimated working life of the assets and charging a full year's depreciation in the year of introduction into service and no charge in the year of sale. The following rates of depreciation have been applied:-

Land & Buildings	2.5%
Computers & Electronic Equipment	30%
Furniture & fittings	12.5%
Office equipment	12.5%
Kitchen equipment	30%

HATUA LIKONI ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, unutilized donor funds and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value net of bank overdrafts.

(g) Receivables and Prepayments

Receivables and prepayments are recognized at fair values.

(h) Trade and other Payables

Trade and other payables are stated at their nominal values.

	2016	2015
	<u>KSHS.</u>	<u>KSHS.</u>
3. <u>GRANTS AND DONATIONS RECEIVED</u>		
International Individual Donors	7,588,399	3,882,813
Base Titanium Limited, Kenya	7,100,000	3,189,450
Segal Family Foundation,US	5,653,978	5,725,852
Rotary Club Of Bahari, Mombasa, Kenya	2,427,235	700,560
Total Tennis Ltd, US	744,600	640,192
Kuza Project, Kenya	696,744	949,725
Pawa 254 Initiative, Kenya	354,950	-
Mamujee Brothers Foundation, Kenya	113,950	-
Kenyan Individual Donors	100,453	321,376
Aid4Orphans, UK	95,000	57,000
SDL Foundation, UK	-	2,800,000
Pershing Square Foundation,US	-	1,830,000
Rafiki Bank Likoni, Kenya	-	50,000
MySpace Property Ltd, Kenya	-	25,000
Kenya Private Sector Alliance	-	18,000
Rahma Foundation Kenya	-	5,500
Commercial Bank Of Africa-Kenya	-	5,000
	<u>24,875,308</u>	<u>20,200,468</u>
4. <u>HATUA LIKONI ORGANIZATION INCOMES</u>		
Hatua Likoni Computer Laboratory	113,795	183,585
Interest received	7,438	5,078
Hatua Likoni Library	2,650	4,270
Hatua Likoni Volunteer Programmes	-	29,200
	<u>123,883</u>	<u>222,133</u>

HATUA LIKONI ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

5. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings KSHS.	Furniture & Fittings KSHS	Kitchen Equipment KSHS	Library KSHS	Office tools & Equipment KSHS	Electronic Equipments KSHS	Computers Office KSHS	Total KSHS
<u>At 1st October 2014</u>								
Cost /Valuation	2,700,497	402,024	50,233	8,601,263	93,213	255,500	227,015	12,329,745
Accumulated depreciation	0	140,490	31,281	482,722	32,283	68,974	188,944	944,694
Net book amount	2,700,497	261,534	18,952	8,118,541	60,930	186,526	38,071	11,385,051
<u>At 30th September 2015</u>								
Opening balance	2,700,497	261,534	18,952	8,118,541	60,930	186,526	38,071	11,385,051
Addition	-	-	-	2,172,000	-	-	-	2,172,000
Depreciation charge	-	32,692	5,686	257,264	7,616	23,316	11,421	337,994
Net book amount	2,700,497	228,843	13,267	10,033,278	53,313	163,210	26,650	13,219,057
<u>At 30th September 2015</u>								
Cost /Valuation	2,700,497	402,024	50,233	10,773,263	93,213	255,500	227,015	14,501,745
Accumulated depreciation	-	173,181	36,966	739,985	39,900	92,290	200,365	1,282,688
Net book amount	2,700,497	228,843	13,267	10,033,278	53,313	163,210	26,650	13,219,057
<u>Year ended 30th September 2016</u>								
Opening balance	2,700,497	228,843	13,267	10,033,278	53,313	163,210	26,650	13,219,057
Addition	699,868	307,399	18,995	906,578	47,990	62,500	45,400	2,088,730
Depreciation charge	-	67,030	9,678	273,496	12,663	28,214	21,615	412,697
Net book amount	3,400,365	469,211	22,583	10,666,360	88,640	197,496	50,435	14,895,090
<u>At 30th September 2016</u>								
Cost /Valuation	3,400,365	709,423	69,228	11,679,841	141,203	318,000	272,415	16,590,475
Accumulated depreciation	-	240,212	46,645	1,013,482	52,563	120,503	221,980	1,695,385
Net book amount	3,400,365	469,211	22,583	10,666,360	88,640	197,496	50,435	14,895,090

HATUA LIKONI ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

	2016	2015
	<u>KSHS.</u>	<u>KSHS.</u>
6. <u>RECEIVABLES AND PREPAYMENTS</u>		
Other receivables	17,444	-
	<u>17,444</u>	<u>-</u>
7. <u>PAYABLES AND ACCRUALS</u>		
Director's loan	880,494	-
Audit fees	50,000	-
	<u>930,494</u>	<u>-</u>
8. <u>PRIOR YEAR ADJUSTMENT</u>	<u>(30,000)</u>	<u>-</u>
This refers to audit fees accrued for 2015 initially omitted in the books.		
9. <u>CASH AND CASH EQUIVALENTS</u>		
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash in hand	25,323	2,736
Cash at bank	1,580,868	1,164,031
	<u>1,606,191</u>	<u>1,166,766</u>
10. <u>TAX STATUS</u>		
Hatua Likoni Organization is tax exempt under the income tax Act, Income tax exemptions certificate No.20131112/3696.		
11. <u>DONATION IN KIND</u>	<u>870,000</u>	<u>2,172,000</u>
These refers to donations received in non monetary terms. They include textbooks and furniture.		

**HATUA LIKONI ORGANIZATION
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016**

TOTAL RESOURCES EXPENSED

Program costs	2016	2015
HATUA SCHOLARSHIP FUNDS	<u>KSHS.</u>	<u>KSHS.</u>
Co-curricular activities	-	4,097
College/University Room, Board & Transp	908,784	567,402
College/University fees	5,098,871	3,206,324
Computer Classes	114,450	107,500
New Students Welcome ceremony	4,380	5,125
Primary School fees	49,800	36,200
Printing & Stationary	14,219	22,404
Salaries,Taxes & Benefits	926,792	981,475
Secondary Books & Stationary	170,030	202,931
Secondary school fees	8,459,434	7,352,217
Secondary School Shopping	10,350	1,750
Secondary Student Hostel	57,540	118,675
Secondary Student Transport	4,100	32,930
Secondary Tution	18,915	18,100
Secondary Uniforms & Shoes	376,910	344,350
Staff Airtime & Transport	90,758	72,715
Student Medical	13,850	61,389
Subtotal Hatua Scholarship Funds	<u>16,319,183</u>	<u>13,135,584</u>
MENTORING		
Gap year Mentoring	72,400	14,020
Malala project	181,210	-
Mentoring With parents	-	4,200
Schools Outreach	980,462	1,321,111
Printing & Stationary	-	19,687
Salaries,Taxes & Benefits	168,627	401,040
Secondary Mentoring	247,350	250,690
Staff Airtime & Transport	8,000	31,575
Staff Development	60,000	-
Students annual trips	-	122,900
University Mentoring	89,850	105,300
Subtotal Mentoring	<u>1,807,899</u>	<u>2,270,523</u>

HATUA LIKONI ORGANIZATION
SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

TOTAL RESOURCES EXPENSED

	2016	2015
	<u>KSHS.</u>	<u>KSHS.</u>
LIBRARY		
Books cataloguing & maintenance	-	300
Books Purchased	-	3,000
Books Transport	19,350	10,500
Building Maintenance	114,840	65,490
Cleaning	189,108	125,666
Daily Newspapers	35,160	36,000
Electricity	-	79,208
Library Assistants	148,000	118,500
Library Association membership	-	5,000
Printing & Stationary	10,445	8,703
Salaries,Taxes & Benefits	463,954	400,641
Security	166,840	120,200
Staff Development	75,000	20,000
Staff Transport & Airtime	22,200	28,580
Training & Conferences	24,700	6,000
Water Bill	3,233	7,274
Subtotal Library	<u>1,272,830</u>	<u>1,035,062</u>
IMARISHA VIJANA		
Communication	46,000	20,550
Internet	71,000	30,000
Labour Market Info Training	348,780	24,000
Local Transport	35,400	9,080
Office Utilities & Consumables	121,160	35,455
Printing & Distribution	14,200	12,000
Salaries,Taxes & Benefits	943,200	437,910
Stationery	4,300	4,684
Subtotal Imarisha	<u>1,584,040</u>	<u>573,679</u>
COMPUTER LABORATORY		
Technology & maintenance	49,965	34,820
Internet	-	23,700
Lab assistant	160,590	90,000
Photocopy supplies	73,635	50,163
Subtotal Computer laboratory	<u>284,190</u>	<u>198,683</u>
PROJECT AND EVENTS		
Charitable contribution	4,580	52,630
Community events	10,730	70,170
Medical camp	295,230	555,478
Subtotal Projects and events	<u>310,540</u>	<u>678,278</u>
Total program costs	<u>21,578,682</u>	<u>17,891,809</u>

HATUA LIKONI ORGANIZATION
SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

TOTAL RESOURCES EXPENSED

	2016	2015
	<u>KSHS.</u>	<u>KSHS.</u>
Management costs		
Auditor's fees	50,000	28,000
Bank fees & Safety Deposit Box	35,982	36,442
Internet	10,450	22,500
Legal Fees	20,000	-
Meeting Expense	42,330	119,292
Office Maintenance	238,405	13,632
Postage	7,530	7,960
Printing & Stationary	5,949	6,187
Registrations	3,571	2,000
Salaries, Taxes & Benefits	1,075,210	1,042,721
Staff Airtime & Transport	40,130	68,364
Technology	52,075	9,995
Trainings & Conferences	124,970	10,000
Team Building & staff appreciation	21,145	24,525
Water	-	745
Total management costs	<u>1,727,747</u>	<u>1,392,362</u>
Fundraising costs		
10/- Campaign	18,477	48,550
Event	94,667	-
Internet	28,000	10,500
Postages	6,252	-
Printing & Stationary	81,806	43,260
Staff Airtime & Transport	76,450	28,650
Stipend	90,000	31,500
Total Fundraising costs	<u>395,653</u>	<u>162,460</u>
Income generating activities		
Land purchase	-	78,893
Land registration	5,500	-
Legal fees	40,000	-
Property maintenance & fencing	51,655	-
Volunteer program	424,849	333,830
Total Income generating activities costs	<u>522,004</u>	<u>412,723</u>