

**HATUA LIKONI ORGANIZATION**

---

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30TH. SEPTEMBER 2013**

---

**AUDITORS:  
KIMATHI WAWERU & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O.BOX 88490- CODE 80100  
MOMBASA**

---



## HATUA LIKONI ORGANIZATION

Annual report and financial statement for  
The year ended 30<sup>th</sup> September 2013

---

<b>CONTENT</b>	<b>PAGE</b>
Officer and Professional Advisors	1
Report of the Board of Trustee	2
Statement of the Board of Trustee	3
Report of the Independent Auditors	4
Income & Expenditure Statement	5-6
Cash Flow Statement	7
Balance Sheet	8
Fixed Assets Schedule	9
Significant Accounting Policies	10-12

## HATUA LIKONI ORGANIZATION

### **Officers and Professional Advisors For the year ended 30<sup>Th</sup> September, 2013**

#### **Board of Trustees**

- **Chairman** : (1) Mr. Benjamin Muli
- **Treasurer** : (2) Mr. Stephen Nyanje
- **Secretary** : (3) Mr. Dancan Onyimbi

**Registered Office** : Youth Empowerment Centre & Library – Likoni, Mombasa

**Postal Address** : P.O. Box 96690-80110, Likoni, Mombasa

**Bankers** : Cooperative Bank  
Likoni Branch

**Auditors** : Kimathi Waweru & Associates  
Certified Public Accountants  
Auditors and Tax Consultants  
P.O. Box 88490, Mombasa

## Report of the Board of Trustees

The Board of Trustees has the pleasure of presenting their report, together with the audited financial statements of the Organization for the year ended 30<sup>th</sup> September 2013.

### **Principal Activities**

Hatua Likoni is a community NGO aimed at promoting education and employment in Likoni Kenya through scholarship, mentoring and career guidance. Hatua Likoni helps Likoni's top students gain the skills and credentials needed to contribute to and benefit from Kenya's growing economy.

The Organization's mentoring program, focused on career guidance and civic education, encourages youth to see themselves as agents for economic development, good governance and educational advancement in Likoni. Hatua Likoni's Community Library serves as a well-resourced study environment for Likoni youth and a forum for community trainings. The Organization's supports for the Likoni Community Football League helps the League to organize weekly football matches for 1,000 Likoni youth.

### **Results and Dividends**

The Organization being an NGO does not declare dividends in any form.

### **Auditors**

The Organization's Auditor, M/s Kimathi Waweru & Associates - Certified Public Accountants have expressed their willingness to continue in office in accordance with laws of Kenya.

**By the order of the Board of Trustee**

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_

WAWERU KIMATHI & ASSOCIATES  
Certified Public Accountants  
P.O. Box 3584 - 80100  
MOMBASA



## HATUA LIKONI ORGANIZATION

### Statement of the Board of Trustees Responsibilities:

The constitution of the Organization requires the Board of Trustees to prepare financial statements for the 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 profit and loss for that year. It also requires the director 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 Board of Trustees accept responsibility for annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Reporting Standards and the requirements of the Accounting Standards. The Board of Trustees is of the opinion that this financial statement gives a true and fair view of the state of the financial affairs of the Organization and of its results. The Board of Trustees 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 Board of Trustees to indicate that the Organization will not continue operating for at least the next twelve months from the date of this statement.

Board of Trustees (1) Mr. Benjamin Muli - Chairman

(2) Mr Stephen Nyanje - Treasurer

(3) Mr. Dancan Onyimbi - Secretary

### **Report of the Independent Auditors**

We have audited the financial statements of the Organization as set out on page 5 to 9 for the year ended 30<sup>th</sup> September 2013 and have obtained all the information and explanations, which to the best of knowledge and belief, were necessary for the purposes of our audit. The financial statements are in agreement with the books of account.

### **Respective Responsibilities of Owner and Auditors**

As described on page 3 the Board of Trustees are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the organization and of its operating results. Our responsibilities are to express an independent opinion on the financial statements based on our Audit.

### **Basis of Opinion**

We conducted our audit in accordance with International Standards of Auditing. Those standards required that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in financial statements. It also includes assessment of accounting policies used and significant estimates made by the Trustees, as well as evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of Hatua Likoni Organization at 30<sup>th</sup> September 2013 and of the results of its operations and cash flows for the year then ended, and comply with International Financial Reporting Standards in agreement with Accounting Standards.

  
WAWERU KIMATHI & ASSOCIATES  
Certified Public Accountants  
P. O. Box 3584 - 80100  
MOMBASA

HATUA LIKONI ORGANIZATION  
 ACCOUNTS FOR THE YEAR 2013  
 PERIOD ENDING 30TH SEPTEMBER 2013  
 INCOME AND EXPENDITURE ACCOUNT

	FY13	FY
INCOME	KSHS	
Balance B/f	204,130.70	1,519,385.00
International Donations	8,267,086.45	6,392,761.70
Local Donations (unrestricted)	1,201,268.00	600,004.19
Local Donations (restricted)	500,000.00	
Volunter Revenue	155,016.00	238,040.00
Merchandise	27,205.00	
Loans Received	48,200.00	
Library Revenue	9,200.00	
Bank Interest	693.91	40,149.00
Madaraka Income	-	478.65
<b>Subtotal:</b>	<b>10,412,800.06</b>	<b>11,250.00</b>
<b>MANAGEMENT</b>		
Airtime & Transport	40,083.00	66,305.00
Auditors Fees	49,000.00	79,000.00
Bank fees & Safety Deposit Box	13,638.40	8,585.65
Charitable Contributions	8,750.00	30,115.00
Computer maintenance	-	7,851.00
Government Registrations	14,900.00	26,980.00
Internet	26,130.00	
Meeting Expenses	74,849.00	-
Office Maintenance	3,836.00	35,043.00
Postage & PO Box	7,225.00	33,567.00
Printing & Stationary	16,271.00	
Salaries & Payroll	662,400.00	43,621.11
Staff Development	29,300.00	344,120.00
Staff medical	-	
Team Building & Staff Appreciation	22,244.00	5,000.00
Technology	32,343.75	
Volunteer Appreciation	1,300.00	3,217.08
Water	3,940.00	
<b>Subtotal:</b>	<b>1,006,210.15</b>	<b>5,350.00</b>
<b>HATUA SCHOLARSHIP FUND</b>		
Boarding School Shopping	19,100.00	
Co-curricular activities	4,940.00	74,751.00
College/University Fees	993,246.00	37,760.00
Computer Classes	41,800.00	436,940.00
Internet	4,100.00	
Meeting Expenses		915.00
Primary School Fees	41,500.00	41,300.00
Printing and Stationary	8,750.00	4,541.00
Salaries & Payroll	663,100.00	315,540.00
Secondary school Fees	3,848,695.00	1,986,659.00
Staff Airtime & Transport	55,320.00	18,685.00
Student Books & Stationary	200,152.00	195,619.00
Student Documents	250.00	
Student Gatherings	2,250.00	
Student Hostel	43,300.00	7,130.00
Student Medical	16,290.00	52,630.00
Student Transport	31,883.00	52,319.00
Tuition	16,370.00	20,210.00
Uniform, Shoes and Bags	338,439.00	360,379.00
<b>Subtotal:</b>	<b>6,329,485.00</b>	<b>3,605,378.00</b>
<b>MENTORING</b>		
Printing & Stationary	7,949.00	
Salaries & Payroll	302,400.00	48,000.00
Secondary Mentoring	99,675.00	39,680.00
Staff Airtime & Transport	8,205.00	
Student Trips	55,550.00	11,215.00
University Mentoring	6,660.00	
<b>Subtotal:</b>	<b>480,439.00</b>	<b>98,895.00</b>

**LIBRARY & COMPUTER LAB**

Book Cataloging & Maintenance	4,800.00	57,800.00
Book Transport	17,850.00	-
Building maintainance	23,475.00	121,395.00
Cleaning	79,465.00	45,984.00
Curriculum based books	302,293.00	-
Daily Newspaper	28,840.00	13,150.00
Electricity	65,160.00	6,000.00
Internet	37,643.00	94,692.00
Library & Lab Assistants Stipends	166,352.00	-
Library Furniture & Book Ends	86,185.00	167,595.00
Printing & Stationary	10,209.00	27,972.00
Publicity	6,800.00	-
Registrations	5,750.00	-
Salaries & Payroll	346,200.00	305,970.00
Security	114,714.00	57,300.00
Staff Training & Conferences	4,700.00	4,000.00
Staff Transport & Airtime	4,190.00	15,800.00
Technology & Maintainance	26,680.00	350,757.00
<b>Subtotal:</b>	<b>1,331,306.00</b>	<b>1,268,415.00</b>

**PROJECTS & EVENTS**

Balcony Farming with LSF Parents	850.00	11,830.00
Community Events	29,379.00	-
HIV BCC Education ( TOWA )	220,327.00	1,100.00
Likoni Civic Education Network	315,742.00	351,769.00
Likoni Community Football League	79,500.00	430,202.00
Likoni Youth Agenda	25,050.00	-
Look Smart Uniform Project	-	334,341.00
Madaraka Community Nursery School	-	53,402.00
Project assistants stipend	21,000.00	-
Twaayf Children Development Centre	-	33,530.00
<b>Subtotal:</b>	<b>691,848.00</b>	<b>1,216,174.00</b>

**FUNDRAISING**

Donor Thank Yous	4,000.00	-
Events	25,500.00	-
Internet	18,700.00	-
Postage	9,830.00	-
Printing & Stationary	22,281.00	-
Publicity Materials	8,200.00	-
Research	16,781.00	-
Salaries & Payroll	414,300.00	-
Staff Airtime & Transport	5,075.00	-
Website Maintainance	19,975.00	-
<b>Subtotal:</b>	<b>544,642.00</b>	-

**INCOME GENERATING ACTIVITIES**

Farming Project	91,156.00	-
Land Purchase & Research	77,150.00	1,422,710.00
Volunteer Program	319,106.00	297,611.00
<b>Subtotal:</b>	<b>487,412.00</b>	<b>1,720,321.00</b>
Depreciation for the Year	245,581.75	143,985.58
<b>TOTALS:</b>	<b>11,116,923.90</b>	<b>8,741,923.42</b>

**SURPLUS AND DEFICIT ACCOUNT**

	KSHS.	KSHS.
INCOME	<u>10,412,800.06</u>	<u>8,802,068.54</u>
MANAGEMENT COST	1,006,210.15	688,754.84
FUNDRAISING COST	544,642.00	-
PROGRAM COST	8,833,078.00	6,188,862.00
DREPRECIATION	245,581.75	143,985.58
INCOME GENERATING ACTIVITIES	<u>487,412.00</u>	<u>1,720,321.00</u>
<b>TOTALS</b>	<b>11,116,923.90</b>	<b>8,741,923.42</b>
	(704,123.84)	60,145.12





---

---

**HATUA LIKONI ORGANIZATION**

---

---

**BALANCE SHEET FOR THE YEAR ENDED 30 TH. SEPTEMBER 2013**

---

---

	2013 Kshs.	2012 Kshs.
<b>FUNDS EMPLOYED</b>		
Balance of Surplus B/Fwd	6,342,970.75	2,897,609.00
Grant (In Kind Donation)	3,333,793.59	3,385,216.62
Surplus/(Deficit) for the year	(704,123.84)	60,145.12
	<u>8,972,640.50</u>	<u>6,342,970.74</u>
<b>TOTAL FUNDS EMPLOYED</b>	<u>8,972,640.50</u>	<u>6,342,970.74</u>
<b>REPRESENTED BY:</b>		
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipments	<u>9,431,183.10</u>	<u>6,138,835.89</u>
<b>CURRENT ASSETS</b>		
Cash in Hand	26,311.00	46,659.85
Bank Balance	304,816.40	156,975.00
Debtors	-	500.00
Staff Loans	4,050.00	
	<u>335,177.40</u>	<u>204,134.85</u>
<b>CURRENT LIABILITIES</b>		
<b>Bank Over Draft</b>		
Accruals	793,720.00	-
	<u>-</u>	<u>-</u>
	<u>793,720.00</u>	<u>-</u>
<b>Net Current assets / (Liabilities)</b>	<u>(458,542.60)</u>	<u>204,134.85</u>
<b>TOTAL NET ASSETS</b>	<u>8,972,640.50</u>	<u>6,342,970.74</u>

The financial statements on pages 6 to 9 ..... were approved by the Board of Directors on 23/11/2013. and were signed

**BOARD OF DIRECTORS:**

(1) Mr. Benjamin Muli

**Chairman**.....

(2) Mr. Stephen Njanje

**Tresurer**.....

(3) Mr. Dancan Onyimbi

**Secretary**.....

SCHEDULE OF FIXED ASSETS 30 TH SEPTEMBER 2013

	Land & Buildings Kshs.	Furniture & Fittings Kshs.	Library	Office Tools & Equipments Kshs	Kitchen Equipments Kshs	Electronic Equipments Kshs	Computers Kshs	TOTAL Kshs
As at 1st October 2012	2,220,497.00	139,479.36	3,783,513.03	30,924.25	30,942.52	72,195.88	77,695.80	6,355,247.84
Additions	72,000.00	-	24,679.00	37,000.00	-	-	-	133,679.00
In Kind Donation ( Books)			2,800,000.00					2,800,000.00
Restricted Funds(safaricom )		85,545.00	302,293.00					387,838.00
<b>Total</b>	<b>2,292,497.00</b>	<b>225,024.36</b>	<b>6,910,485.03</b>	<b>67,924.25</b>	<b>30,942.52</b>	<b>72,195.88</b>	<b>77,695.80</b>	<b>9,676,764.84</b>
<b>DEPRECIATION</b>								
Current Year Charge	-	28,128.05	172,762.13	8,490.53	3,867.82	9,024.49	23,308.74	245,581.74
<b>Balance NBV 30/09/2013</b>	<b>2,292,497.00</b>	<b>196,896.32</b>	<b>6,737,722.90</b>	<b>59,433.72</b>	<b>27,074.71</b>	<b>63,171.40</b>	<b>54,387.06</b>	<b>9,431,183.10</b>

HATUA LIKONI ORGANIZATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 TH. SEPTEMBER 2013

NOTES

Summary of significant accounting policies :

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

1) Basis for preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The Financial statements are presented in functional currency, Kenya Shillings (kshs), which is the prevailing currency within the primary economic environment, rounded to the nearest thousand and prepared in accordance with the measurement bases prescribed by IFRS.

The preparation of financial statement in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the company's policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3

a) Revenue recognition

Sales of goods are recognized in the period in which the company delivers products to the customer, the customer has accepted the products and the collectibles of related receivables are reasonably assured.

Revenue represents the fair value of the consideration received or receivable for the sales of goods and services and is stated net of value added tax (VAT) rebates and discounts.

b) Property , plant and Equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequent shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation for the buildings. All other property plant and equipment are stated at historical cost less Depreciation.

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 company and the cost can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives the following annual rates:

Details	Rates
Buildings	2.5 %
Furniture's & Fitting	12.5 %
Motors vehicles	25 %
Computers & Electronics	30 %
Office Equipment	12.5 %

The Assets Residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

c) **Investment property**

Investment property is property held to earn rentals or for capital appreciation or both. They are initially recognized at historical cost including the transaction costs.

Subsequently, investment property is carried at fair value representing the open market value at the balance sheet date determined by annual valuations carried out by external registered values. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognized as an expense in the year in which it is incurred.

d) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realizable value is the estimate of the selling price in ordinary course of business, less the cost of completion and selling expenses.

e) **Investment Properties**

Investment properties are long term investment in Buildings and acquisition of properties such as plots. Investments are recognized at cost and subsequently carried at fair value representing open market value at the balance sheet date and is determined annually by external registered values

f) **Financial investments**

Financial instruments and financial liabilities are recognized in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial assets into the following categories. Financial assets at fair Value through profit or loss: Loans and receivables: Held to maturity investments: and available for sale assets. Management determines the appropriate classification of its investments at initial recognition.

g) **Comparatives**

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

h) **Payables**

Payables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rates

2) **Cash and Cash Equivalents**

For the purposes of Cash flows Statement, cash and cash equivalents comprises Cash in hand and deposits held at call with banks.

**3) Critical Judgments in applying the Entity's Accounting Policies**

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. These are dealt below:

**4) Property plant, equipment and intangible assets**

Critical estimates are made by the directors in determining the useful lives of property, plant and equipment and intangible assets.