

HATUA LIKONI ORGANIZATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH. SEPTEMBER 2015**

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

HATUA LIKONI ORGANISATION
Annual Report and Financial Statements For
The year ended 30th September, 2015

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HATUA LIKONI ORGANIZATION

Officers and Professional Advisors For the year ended 30Th September, 2015

Board of Trustees

- Chairman : (1) Mr. Benjamin Muli
- Treasurer : (2) Mr. Stephen Njanje
- 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 30th September 2015.

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: _____




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 Njanje - 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 13 for the year ended 30th September 2015 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 30th September 2015 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
MOMBASA

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HATUA LIKONI ORGANIZATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH SEPTEBER 2015

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.

SOURCES OF REVENUE

Segal Family Foundation, US	5,725,852.15
International Individual Donors	3,882,812.80
Base Titanium Ltd, Kenya	3,189,450.00
SDL Foundation, UK	2,800,000.00
Pershing Square Foundation, US	1,830,000.00
Kuza Project, Kenya	949,725.00
Rotary Club of Bahari, Mombasa, Kenya	700,560.00
Total Tennis Ltd, US	640,192.00
Kenyan Individual Donors	321,376.00
Hatua Likoni Computer Lab	183,585.00
Aid4Orphans, UK	57,000.00
Rafiki Bank Likoni, Kenya	50,000.00
Hatua Likoni Volunteer Program	29,200.00
MySpace Property Ltd, Kenya	25,000.00
Kenya Private Sector Alliance	18,000.00
Rahma Foundation, kenya	5,500.00
Bank Interest Earned	5,077.76
Commercial Bank of Africa, Kenya	5,000.00
Hatua Likoni Library	4,270.00
Total Income	20,422,600.71

HATUA LIKONI ORGANIZATION
 ACCOUNTS FOR THE YEAR 2015
 PERIOD ENDING 30TH SEPTEMBER 2015
 INCOME AND EXPENDITURE ACCOUNT

Income	FY15		FY14	
B/f	603,520.03	3%	335,177.00	2%
Bank Interest	5,077.76	0%	1,775.81	0%
International Donations	14,935,856.95	71%	12,549,625.35	70%
Local Donations	5,264,611.00	25%	3,926,421.00	22%
Local In-Kind Donation	-	0%	1,051,375.00	6%
Local Income Generating Activities	217,055.00	1%	111,301.00	1%
Subtotal	21,026,120.74	100%	17,975,675.16	100%
Expenses				
HATUA SCHOLARSHIP FUNDS				
Co-curricular Activities	4,097.38		500.00	
College/University Room, Board & Transport	567,402.00		-	
College/University fees for 100	3,206,324.00		2,393,075.00	
Computer Classes for 42 student	107,500.00		59,000.00	
New Students Welcome Ceremony	5,125.00		3,755.00	
Primary School fees for 1 Student	36,200.00		47,700.00	
Printing & Stationary	22,404.00		16,987.52	
Salaries, Taxes & Benefits	981,475.00		863,677.00	
Secondary Books & Stationary	202,931.00		207,078.00	
Secondary School Fees for 150 Students	7,352,217.00		6,255,102.00	
Secondary School Shopping	1,750.00		7,830.00	
Secondary Student Hostel	118,675.00		67,540.00	
Secondary Student Transport	32,930.00		24,420.00	
Secondary Holiday Tution	18,100.00		24,860.00	
Secondary Uniforms & Shoes	344,350.00		371,440.00	
Staff Airtime & Transport	72,715.00		60,129.00	
Student Medical	61,389.00		26,581.00	
Total HATUA SCHOLARSHIP FUNDS	13,135,584.38	65%	10,429,674.52	60%
MENTORING				
Gap Year Mentoring	14,020.00		15,704.00	
Mentoring With Parents	4,200.00		2,230.00	
Peer Mentoring Schools Outreach	1,321,111.00		1,113,678.00	
Printing & Stationary	19,687.00		3,276.00	
Salaries, Taxes & Benefits	401,040.00		351,899.00	
Secondary Mentoring	250,690.00		411,053.00	
Staff Airtime & Transport	31,575.00		18,005.00	
Student Annual Trips	122,900.00		143,160.00	
Technology	0.00		23,000.00	
University Mentoring	105,300.00		53,364.00	
Total MENTORING	2,270,523.00	11%	2,135,369.00	12%

LIBRARY				
Books Cataloging & Maintenance	300.00		697.00	
Books Purchased	3,000.00		197,976.00	
Books Transport	10,500.00		11,000.00	
Building Maintenance	65,490.00		43,120.00	
Cleaning	125,666.00		127,900.00	
Daily Newspapers	36,000.00		36,000.00	
Electricity	79,208.00		85,173.00	
Library Assistants	118,500.00		134,000.00	
Library Association Membership	5,000.00		-	
Printing & Stationery	8,703.00		30,268.13	
Salaries, Taxes & Benefits	400,641.00		350,900.00	
Security	120,200.00		121,825.00	
Staff Development	20,000.00		-	
Staff Airtime & Transport	28,580.00		20,724.00	
Training & Conferences	6,000.00		-	
Water Bill	7,274.00		-	
Total LIBRARY	1,035,062.00	5%	1,159,583.13	7%
COMPUTER LAB				
Technology & Maintenance	34,820.00		214,780.00	
Internet	23,700.00		25,619.00	
Lab Assistant	90,000.00		-	
Photocopy Supplies	50,163.00		-	
Total COMPUTER LAB	198,683.00	1%		0%
IMARISHA VIJANA				
Communication	20,550.00		-	
Internet	30,000.00		-	
Labour Market Training	24,000.00		-	
Local Transport	9,080.00		-	
Office Utilities & Consumables	35,455.00		-	
Printing & Distribution	12,000.00		-	
Salaries, Taxes & Benefits	437,910.00		-	
Stationery	4,684.00		-	
Total IMARISHA VIJANA	573,679.00	3%		0%
PROJECTS & EVENTS				
Charitable Contribution	52,630.00		26,450.00	
Community Events	70,170.00		32,620.00	
Likoni Civic Education Network	-		600.00	
Likoni Youth Agenda	-		25,200.00	
Medical Camp	555,478.00		294,454.00	
Total PROJECTS & EVENTS	678,278.00	3%	379,324.00	2%
MANAGEMENT				
Auditors Fees	28,000.00		25,200.00	
Bank fees & Safety Deposit Box	36,441.63		30,922.25	
Internet	22,500.00		40,600.00	
Meeting Expenses	119,292.00		67,994.00	
Office Maintenance	13,632.00		8,315.00	
Postage & P.O. Box	7,960.00		8,980.00	
Printing & Stationery	6,186.50		11,815.00	
Government Registrations	2,000.00		2,000.00	
Salaries, Taxes & Benefits	1,042,721.00		871,028.50	

Staff Airtime & Transport	68,364.00		68,600.00	
Staff Development	-		1,500.00	
Staff Training & Conferences	10,000.00		38,593.00	
Team Building & Staff Appreciation	24,525.00		21,070.00	
Technology	9,995.00		18,166.00	
Water	745.00		1,305.00	
Total MANAGEMENT	1,392,362.13	7%	1,216,088.75	7%
FUNDRAISING				
10/- Campaign	48,550.00		-	
Events	-		681,463.00	
Postages	-		1,140.00	
Internet	10,500.00		-	
Printing & Stationary	43,260.00		27,819.00	
Salaries, Taxes & Benefits	-		213,692.00	
Staff Airtime & Transport	28,650.00		8,020.00	
Volunteer Stipend	31,500.00			
Total FUNDRAISING	162,460.00	1%	932,134.00	5%
Income Generating Activities & Investments				
Land Purchase	78,893.00		481,760.00	
Volunteer Program	333,830.00		345,313.00	
Total IGA	412,723.00	2%	827,073.00	5%
Depriciation For the Year	337,994.12		311,481.25	
TOTAL EXPENSES	20,197,348.63	100%	17,390,727.65	100%

SURPLUS AND DEFICIT ACCOUNT	FY15	KSHS	FY14	KSHS
INCOME & B/F		21,026,120.74		17,975,675.16
MANAGEMENT COST		1,392,362.13		1,216,088.75
FUNDRAISING COST		162,460.00		932,134.00
PROGRAM COST		17,693,126.38		14,350,511.94
LOAN				46,200.00
DEPRECIATION		337,994.12		311,484.25
INCOME GENERATING ACTIVITIES		611,406.00		827,073.00
TOTALS		20,197,348.63		17,683,491.94
		828,772.11		292,183.22
Bank bal as at 30th Sept		1,164,031.11		366,187.03
Cash at Hand		2,735.00		48,663.35
M-pesa pay bill Bal as at 30th Sept				188,650.00
Surplus/Defecit		1,166,766.11		603,500.38
		828,772.11		292,183.22
Add back Depreciation		337,994.00		311,484.25
		1,166,766.11		603,667.47

HATUA LIKONI ORGANIZATION
BALANCE SHEET AS AT 30TH SEPT 2015

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	<u>30 Sep 15</u>	<u>30 Sep 14</u>
ASSETS		
Current Assets		
Barclays Bank	5,000.00	
Cash Account	2,735.50	48,663.00
Cooperative Bank of Kenya	538,330.06	
Rafiki Bank	620,701.05	554,857.03
Total Cash at bank and in hand	<u>1,166,766.61</u>	<u>603,520.03</u>
Total Current Assets	1,166,766.61	603,520.03
Fixed Assets		
Computers	26,649.66	38,070.94
Electronic Equipments	163,209.36	186,524.98
Furniture & Fittings	228,842.49	261,534.28
Kitchen Equipments	13,266.61	18,952.30
Land and Buildings	2,700,497.00	2,700,497.00
Library Assets	10,033,278.60	8,118,542.15
Office Tools & Equipments	53,313.32	60,929.51
Total Fixed Assets	<u>13,219,057.04</u>	<u>11,385,051.16</u>
TOTAL ASSETS	<u><u>14,385,823.65</u></u>	<u><u>11,988,571.19</u></u>
FUNDS EMPLOYED		
Balance of Surplus B/fwd	11,385,051.15	8,972,640.51
Grants (In Kiind Donations)	2,172,000.00	2,696,460.55
Surplus / (Deficit) for te year	828,772.11	319,470.13
	<u><u>14,385,823.26</u></u>	<u><u>11,988,571.19</u></u>

COST	Land & Buildings Kshs.	Furniture & Fittings Kshs.	Library Kshs.	Office Tools & Equipments Kshs.	Kitchen Equipments Kshs.	Electronic Equipments Kshs.	Computers Kshs.	TOTAL
As at 1st October 2014	2,700,497.00	261,534.28	8,118,542.15	60,929.51	18,952.30	186,524.98	38,070.94	11,385,051.16
Additions in Kind Donation (Books)	-	-	2,172,000.00	-	-	-	-	2,172,000.00
Total	2,700,497.00	261,534.28	10,290,542.15	60,929.51	18,952.30	186,524.98	38,070.94	13,557,051.16
DEPRECIATION								
Current Year Charge	-	32,691.79	257,263.55	7,616.19	5,685.69	23,315.62	11,421.28	337,994.12
Balance NBV 30/09/2015	2,700,497.00	228,842.50	10,033,278.60	53,313.32	13,266.61	163,209.36	26,649.66	13,219,057.04