

**MALINDI ISLAMIC CENTRE FOR ORPHANS
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

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MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

General Information

MANAGEMENT COMMITTEE

Ahmed Abdurahaman Abdallah	Chairman
Athman Bacha	Secretary
Ali Mohamed Salim	Treasure
Jamal Salim Basty	Organizing Secretary
Hussein Bankuu	Assistant Secretary
Omar Athuman	Assistant Organizing Secretary

TRUSTEE

Prof. Dr.M.S. Abdullah
Omar Mohamed Bin Ali
Habib Muhammad Abu
Abdurahaman Abubakar
Shariff Assad Ahmed Al-Hussainy

REGISTERED OFFICE

Plot No.12072 CR 53083
P.o Box 5971- 80200
Malindi
Kenya

BANKERS

Gulf African Bank
Malindi Branch

Habib Bank Limited
Malindi

First Community Bank
Malindi Branch

INDEPENDENT AUDITORS'

Said Abeid Said & Co
Sauti ya Upepo Road
P.O. Box 82667-80100
80100

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Report of the Trustees

The trustees present their annual report for the year ended 31 December 2017.

1. Objective of the trust

The organisation is registered in Kenya, and is domiciled in Kenya. The address of the registered office is as set out on page 1 the principal activity is to provide education, food, uniform, medical facilities to orphaned children to lead a normal life.

2. Financial results

The net surplus of Ksh 104,108 (2016: (441,830)) has been added to accumulated funds.

3. Statement as to disclosure to the trustee's auditor:

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

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

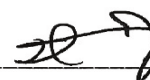
Terms of appointment of the auditor

Said Abeid Said & Co. continues in office in accordance with the Kenya Trustee Act Cap 167. The trustees monitor the effectiveness, objectivity and independence of the auditor. The trustees also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 50,000 has been charged to income statement for the year.

By order of the Board



Ahmed Abdurahaman Abdallah



Athman Bacha

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Trustees' Responsibilities

The Trustees accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances

The trustees accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards for SME's and the requirements of the Kenyan Trust Act Cap 164. The trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the trust as at 31 December 2017 and of its operating results for the year then ended. The trustees further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by board of directors onand signed on its behalf by



Ahmed Abdurahaman Abdallah



Athman Bacha



SAID ABEID SAID & CO

Certified Public Accountants

Independent Auditor's Report

To the Trustees of the MALINDI ISLAMIC CENTRE FOR ORPHANS

Report on the Annual Financial Statements

Opinion

We have audited the annual financial statements of MALINDI ISLAMIC CENTRE FOR ORPHANS set out on pages 7 to 13, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in trust funds and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Annual Financial Statements

The trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion of 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Report on Other Legal and Regulatory Requirements

As required by law we report to you, based on our audit, that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of accounts have been kept by the trust, so far as appears from our examination of those books; and
- iii) The company's financial position and income and statement account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors report was FCPA Said Abeid Said practising certificate No. 1587

Said Abeid Said & Co
Certified Public Accountant
P.O Box 82667 - 80100

4/5/2018
Date

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Statement of Comprehensive Income

	Note	2017 Shs	2016 Shs
Income	7	10,462,684	10,000,084
Gross surplus		10,462,684	10,000,084
Operating costs		(10,358,576)	(10,441,914)
Operating surplus/(deficit)		104,108	(441,830)

MALINDI ISLAMIC CENTRE FOR ORPHANS
Annual Financial Statements as at 31 December 2017

Statement of Financial Position

	Notes	2017 Shs	2016 Shs
Assets			
Non-Current Assets			
Property, plant and equipment	2	55,105,688	55,271,907
		55,105,688	55,271,907
Current Assets			
Cash and cash equivalents	3	2,043,743	1,773,416
		2,043,743	1,773,416
Total Assets		57,149,431	57,045,323
Trust Funds and Liabilities			
Trust Fund			
Trust Capital Account	4	8,335,818	8,335,818
Surplus fund	5	48,763,613	48,659,505
		57,099,431	56,995,323
Current Liabilities			
Trade and other payables	6	50,000	50,000
		50,000	50,000
Total Funds and Liabilities		57,149,431	57,045,323

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Statement of Changes in Trust Funds

	Trust capital	Retained earnings	Total
	Shs	Shs	Shs
Balance at 1 January 2016	8,335,818	49,101,335	57,437,153
Deficit for the year		(441,830)	(441,830)
Balance at 31 December 2016	8,335,818	48,659,505	56,995,323
Balance at 1 January 2017	8,335,818	48,659,505	56,995,323
Surplus for the year		104,108	104,108
Balance at 31 December 2017	8,335,818	48,763,613	57,099,431

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Statement of Cash Flows

	Note	2017	2016
		Shs	
Cash flows from operating activities			
Surplus/(deficit) for the year		104,108	(441,830)
<i>Adjustments for:</i>			
Depreciation - Tangible assets	2	166,220	193,507
Net cash from operating activities		270,327	(248,323)
Increase/(decrease) in cash and cash equivalents		270,327	(248,323)
Cash and cash equivalents at beginning of the year		1,773,416	2,021,739
Cash and cash equivalents at end of the year	3	2,043,743	1,773,416

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied 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.

The financial statements comprise a profit and loss account (income statement), statement of comprehensive income, balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS for SME's . Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the trust in their capacity as owners are recognised in the statement of changes in equity.

1.1 Revenue recognition

The trust recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the trust's activities, as described below:

1.1.1 Grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the trust has complied with all attached conditions. Grants received where the group has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

1.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Land and buildings	0.00%
Furniture and fittings	12.50%
Kitchen equipments	12.50%
Computer equipment	30.00%

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1.3 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

1.4 Trust capital and retained earnings

All funds received by the trust are accounted for directly to the trust capital account. This includes the original donation received by the trustees to establish the trust, as well as all donations received by the trustees since the trust's inception. This excludes capital gains and losses realised by the trust in the normal course of its business activities.

Retained earnings consists of all revenues, capital gains and capital losses retained by the trust after payment of all expenses, taxes and distributions of income and capital gains to beneficiaries.

1.5 Provisions

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017	2016
	Shs	Shs

2. Property, plant and equipment

	Cost	Accumulated depreciation	2017 Carrying value	Cost	Accumulated depreciation	2016 Carrying value
	Shs	Shs	Shs	Shs	Shs	Shs
<i>Owned assets</i>						
Land and buildings	54,000,000	-	54,000,000	54,000,000	-	54,000,000
Furniture and fittings	555,740	(306,326)	249,414	555,740	(270,697)	285,043
Kitchen equipments	1,300,481	(473,132)	827,349	1,300,481	(354,939)	945,542
Computer equipment	245,860	(216,935)	28,925	245,860	(204,538)	41,322
	56,102,081	(996,393)	55,105,688	56,102,081	(830,174)	55,271,907

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions / Fair value gains	Classified as held for sale / Disposals	Depreciation / Impairments	2017 Carrying value at end of year
	Shs	Shs	Shs	Shs	Shs
<i>Owned assets</i>					
Land and buildings	54,000,000	-	-	-	54,000,000
Furniture and fittings	285,043	-	-	(35,630)	249,413
Kitchen equipments	945,542	-	-	(118,193)	827,349
Computer equipment	41,322	-	-	(12,397)	28,925
	55,271,907	-	-	(166,220)	55,105,687

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2016 Carrying value at end of year
	Shs	Shs	Shs	Shs	Shs
<i>Owned assets</i>					
Land and buildings	54,000,000	-	-	-	54,000,000
Furniture and fittings	325,764	-	-	(40,721)	285,043
Kitchen equipments	1,080,619	-	-	(135,077)	945,542
Computer equipment	59,031	-	-	(17,709)	41,322
	55,465,414	-	-	(193,507)	55,271,907

3. Cash and cash equivalents

Favourable cash balances

Bank balances	<u>2,043,743</u>	<u>1,773,416</u>
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MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017	2016
	Shs	Shs
4. Trust Capital Account		
Balance at beginning of the year	7,893,988	8,335,818
Retained income/(loss) for the year	104,108	(441,830)
Balance at the end of the year	<u>7,998,096</u>	<u>7,893,988</u>
5. Surplus fund		
Profit/(loss) for the year	104,108	(441,830)
Retained profit at beginning of the year	48,659,505	49,101,335
Retained profit at end of the year	<u>48,763,613</u>	<u>48,659,505</u>
6. Trade and other payables		
Sundry creditors	<u>50,000</u>	<u>50,000</u>
7. Income		
Annual fund raising	5,707,442	5,582,169
Fees received	--	1,407,850
Donation	1,347,116	131,500
Malindi orphans aced	48,000	-
House rent	4,126	44,000
Interest	3,356,000	8,800
MICO	10,462,684	2,825,765
	<u>10,462,684</u>	<u>10,000,084</u>

MALINDI ISLAMIC CENTRE FOR ORPHANS

Annual Financial Statements for the year ended 31 December 2017

Detailed Income Statement

	2017	2016
	Shs	Shs
Income		
Annual fund raising	5,707,442	5,582,169
Fees received	--	1,407,850
Donation	1,347,116	131,500
Malindi orphans aced	48,000	-
House rent	4,126	44,000
Interest	3,356,000	8,800
MICO	10,462,684	2,825,765
		<u>10,000,084</u>
Expenditure		
Auditors' remuneration	50,000	50,000
Bank charges	37,343	35,391
Bursary	3,794,570	3,595,277
Cleaning	17,804	-
Communication	29,733	7,110
Depreciation - Tangible assets	166,220	193,507
Electricity and water	102,922	226,022
Examinations and registration fees	89,034	108,924
Meals & Refreshment	427,990	258,236
Miscellaneous expense	31,687	199,323
Postage	-	37,050
Printing and stationery	287,732	333,264
Rent and rates	-	192,460
Repairs and maintenance	22,752	97,884
Salaries	5,238,575	4,955,921
Transport	62,214	151,545
	<u>10,358,576</u>	<u>10,441,914</u>

The supplementary information presented does not form part of the annual financial statements and is unaudited