

MALINDI ISLAMIC CENTRE FOR ORPHANS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2015

*Said Abeid Said & Co.
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MALINDI ISLAMIC CENTRE FOR ORPHANS
Annual report and financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2015

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The following does not form an integral part of these financial statements:

Schedule of operating Income and Expenditure	Appendix I
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MALINDI ISLAMIC CENTRE FOR ORPHANS
Annual report and financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2015

COMPANY INFORMATION

Board of Trustees

Mohammed Sharif Noor	Chairman
Ahmed A. Abdalla	Vice chairman
Athuman Bach	Secretary
Jamal Baste	Organizing Secretary
Ali Mohamed Salim	Treasurer
Hussein Banku	Asst Secretary
Omar Athman	Asst Treasurer
Sheikh Ali Islam Bashamakh	Member
Prof. Dr.M.S. Abdullah	Member
Omar Sheikh Mohamed Ali	Member
Sheikh Habib Abu Muhammad	Member

Registered Office

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

Bankers

Gulf Africa Bank
Malindi Branch

Habib Bank Limited
Malindi Branch

First Community Bank
Malindi Branch

Auditors

Said Abeid Said & Co
Certified Public Accountants
Ruby - Plaza
Vasco Da Gama Road
P.o Box 690- 80200
Malindi
Kenya

MALINDI ISLAMIC CENTRE FOR ORPHANS
Report of the trustees
FOR THE YEAR ENDED 31ST DECEMBER 2015

The trustees submit their report together with the audited financial statements for the year ended 31st December 2015, which disclose the state of affairs of the organization.

Incorporation

The organisation is registered in Kenya, and is domiciled in Kenya. The address of the registered office is as set out on page 1.

Principal activities

The principal activity is to provide Education, Food ,Uniform, Medical facilities to Orphaned children to lead a normal life.

Results and dividends

The deficit of Ksh 264,363 (2014: (1,084,285)) has been added to accumulated funds.

Auditors

During the year, Said Abeid Said & Co. were appointed as the organization auditors and have expressed their willingness to continue in office in accordance with the Kenya Trustee Act Cap 167.

By order of the Board



Chairman



Vice Chairman

MALINDI ISLAMIC CENTRE FOR ORPHANS
Statement of trustees' responsibilities
FOR THE YEAR ENDED 31ST DECEMBER 2015

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 judgements and estimates, in conformity with International Financial Reporting Standards for SME's and the requirements of the Kenyan company's Act. The directors are of the opinion that the financial affairs of the company as at 31st December 2015 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 on 10/08/2017 and signed on its behalf by:-



Chairman



Vice Chairman

REPORT OF THE INDEPENDENT AUDITORS

To the Trustees of Malindi Islamic Centre For Orphans

Report on the Financial Statements

We have audited the accompanying financial statements of Malindi Islamic Centre for Orphans, set out on pages 5 to 10 which comprise the Financial statement as at 31st December 2015 and the Comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustees Responsibility for the financial statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenya Trustee Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 financial statements. The procedures selected depended on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to the 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 company's 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 Company as at 31st December 2015 and of its financial performance and cash flows for the year then ended.

Report on Other Legal 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 company, 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 **CPA Said Abeid Said** practising certificate No. 1587



Said Abeid Said & Co
Certified Public Accountants
Malindi

11th Aug 2017

MALINDI ISLAMIC CENTRE FOR ORPHANS
Financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2015

CONSOLIDATED INCOME STATEMENTS

	Appendix	2015 Shs	2014 Shs
<u>INCOME</u>			
Malindi Islamic Centre For Orphans	I	6,258,607	5,332,305
Malindi Orphans Academy	I	4,652,313	4,802,380
Gross surplus		10,910,920	10,134,685
<u>EXPENSES</u>			
Employments Costs	I	(4,734,819)	(5,539,680)
Administrative expenses	I	(1,679,402)	(1,298,939)
Programme costs	I	(4,898,822)	(4,380,351)
Net (deficit) for the year		(402,123)	(1,084,285)

MALINDI ISLAMIC CENTRE FOR ORPHANS
Financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2015

CONSOLIDATED FINANCIAL POSITION

	Note	2015 Shs	2014 Shs
CAPITAL EMPLOYED			
Accumulated fund		8,335,818	8,335,818
Retained surplus		49,101,335	49,503,458
		<u>57,437,153</u>	<u>57,839,276</u>
REPRESENTED BY			
Non current assets			
Property & equipment	2	55,465,414	54,589,544
		<u>55,465,414</u>	<u>54,589,544</u>
Current assets			
Cash in hand & Bank	5	2,021,739	3,304,215
		<u>2,021,739</u>	<u>3,304,215</u>
Current liabilities			
Other payables	4	50,000	54,483
		<u>50,000</u>	<u>54,483</u>
Net current assets		1,971,739	3,249,732
Total assets		<u>57,437,153</u>	<u>57,839,276</u>

The financial statements on pages 5 to 10 were approved for issue by the board of Trustees on 10/08/2017 and were signed on its behalf by:



MALINDI ISLAMIC CENTRE FOR ORPHANS
Financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2015

STATEMENT OF CHANGES IN EQUITY

	Accumulated funds Shs.	Surplus Shs	Total Shs
At 1st January 2014	8,335,818	50,587,743	58,923,561
Deficit for the year	-	(1,084,285)	(1,084,285)
As at 31st December 2014	<u>8,335,818</u>	<u>49,503,458</u>	<u>57,839,276</u>
At 1st January 2015	8,335,818	49,503,458	57,839,276
Deficit for the year	-	(402,123)	(402,123)
As at 31st December 2015	<u>8,335,818</u>	<u>49,101,335</u>	<u>57,437,153</u>

MALINDI ISLAMIC CENTRE FOR ORPHANS
Financial Statement
FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTES

1.

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards for SME's (IFRS for SME's). They are presented in Kenya Shillings (Shs), which is also the functional currency (see (b) below). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

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 company in their capacity as owners are recognised in the statement of changes in equity.

The preparation of financial statements in conformity with International Financial Reporting Standards for SME's requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the trustees' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

b) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise, except for differences arising on translation of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

c) Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the organisation's activities. It is recognised when it is probable that future economic benefits will flow to the school and the amount of revenue can be measured reliably.

Sale of goods are recognised upon the delivery of the product and customer acceptance, while sale of services are recognised upon performance of the services and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Interest income is recognised on a time proportion basis using the effective interest method.

d) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

e) Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

MALINDI ISLAMIC CENTRE FOR ORPHANS

Financial Statement

FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTES (CONTINUED)

Financial instruments

Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale and are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, loans and receivables are carried at amortised cost using the effective interest method.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

f) Post-employment benefit obligations

Defined contribution

The company and its employees also contribute to the National Social Security Fund (NSSF), and national Hospital Insurance (NHIF) are national defined contribution schemes. Contributions are determined by local statutes and the company's contributions are charged to the profit and loss account in the year to which they relate.

g) Short term employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

h) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the school and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate - %</u>
Land & building	0%
Furniture & equipment	12.5%
Computer equipment	30%
Kitchen equipments	12.5%

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

MALINDI ISLAMIC CENTRE FOR ORPHANS
Financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTES

2 Property and equipment

	Land & Building Shs	Furniture & fittings Shs	Computers Shs	Equipment Shs	Total Shs
At Cost					
At 01.01.2015	54,000,000	555,740	245,860	198,400	55,000,000
Adjustments	-	-	-	1,102,081	-
At 31.12.2015	<u>54,000,000</u>	<u>555,740</u>	<u>245,860</u>	<u>1,300,481</u>	<u>56,102,081</u>
Accum depreciation					
At 01.01.2015	-	183,438	161,530	65,488	410,456
Charge for the year	-	46,538	25,299	154,374	226,211
At 31.12.2015	<u>-</u>	<u>229,976</u>	<u>186,829</u>	<u>219,862</u>	<u>636,667</u>
Net Book Value					
At 31.12.2015	<u>54,000,000</u>	<u>325,764</u>	<u>59,031</u>	<u>1,080,619</u>	<u>55,465,414</u>
At 01.01.2015	<u>54,000,000</u>	<u>372,302</u>	<u>84,330</u>	<u>132,912</u>	<u>54,589,544</u>

3 Operating deficit

The following items have been charged in arriving at operating profit:

Depreciation	226,211	108,315
Auditors fees	<u>50,000</u>	<u>50,000</u>

4 Trade & other payables

Other payables	<u>50,000</u>	<u>54,483</u>
	<u>50,000</u>	<u>54,483</u>

5 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash in Hand & Bank	<u>2,021,739</u>	<u>3,304,215</u>
	<u>2,021,739</u>	<u>3,304,215</u>

6 Currency

The financial statements are presented in Kenya Shillings (Shs).

MALINDI ISLAMIC CENTRE FOR ORPHANS
Financial Statement
FOR THE YEAR ENDED 31ST DECEMBER 2015

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT-SUMMARY

	2015	2014
	Shs	Shs
INCOME		
Malindi Islamic Centre For Orphans	6,258,607	5,332,305
Malindi Orphans Academy	4,652,313	4,802,380
	<u>10,910,920</u>	<u>10,134,685</u>
EXPENSES		
Employment costs	4,734,819	5,539,680
Administrative expenses	1,679,402	1,298,939
Programme costs	4,898,822	4,380,351
	<u>11,313,043</u>	<u>11,218,970</u>
Net (deficit) for the year	<u>(402,123)</u>	<u>(1,084,285)</u>

MALINDI ISLAMIC CENTRE FOR ORPHANS
Schedule of operating income and expenditure
FOR THE YEAR ENDED 31ST DECEMBER 2015

<u>MALINDI ISLAMIC CENTRE FOR ORPHANS</u>	2015	2014
	Shs	Shs
1 INCOME		
Annual fund raising	5,671,597	5,332,305
Malindi orphans aced	528,210	-
House rent	48,000	-
Interest	10,800	-
	<u>6,258,607</u>	<u>5,332,305</u>
2 EMPLOYMENT EXPENSES		
Salaries & Wages	<u>749,063</u>	<u>1,493,643</u>
	<u>749,063</u>	<u>1,493,643</u>
3 ADMINISTRATIVE EXPENSES		
Printing & stationery	184,429	115,630
Donations	-	37,700
Postage & telecommunication	5,850	5,220
Depreciation	226,211	108,315
Allowances	-	22,200
Registration	-	2,020
Security	84,500	84,500
Bank charges	24,956	27,130
Cleaning & Hygiene	7,400	5,800
Light & Water	57,859	9,654
Repairs & maintenance	123,153	80,255
Advertisement & promotion	53,457	42,789
Travelling & meetings	31,309	8,600
Audit fees	50,000	50,000
License	3,680	-
Medical expense	17,320	-
Examinations	109,536	-
Rental	6,960	-
Miscellaneous expense	26,225	-
	<u>1,012,845</u>	<u>599,813</u>
4 PROGRAMME EXPENSES		
Bursary	4,222,418	3,607,735
Meals & Refreshment	<u>676,404</u>	<u>772,616</u>
	<u>4,898,822</u>	<u>4,380,351</u>

MALINDI ISLAMIC CENTRE FOR ORPHANS
Schedule of operating income and expenditure
FOR THE YEAR ENDED 31ST DECEMBER 2015
SCHEDULE OF OPERATING INCOME AND EXPENDITURE

<u>MALINDI ORPHANS ACADEMY</u>		
	2015	2014
	Shs	Shs
1 INCOME		
Fees collection	1,955,100	2,058,680
MICO	2,697,213	2,743,700
	<u>4,652,313</u>	<u>4,802,380</u>
2 EMPLOYMENT EXPENSES		
Salaries & wages	3,985,756	4,046,037
	<u>3,985,756</u>	<u>4,046,037</u>
3 Administrative expenses		
Transport expenses	100,799	23,454
Repairs & maintenance	123,153	88,765
Bank charges	24,555	29,485
Book keeping fees	-	25,000
Water and Electricity	108,060	161,114
Printing and stationery	105,212	213,404
Examinations and registration fees	104,493	107,904
Communication	4,299	-
Cleaning	3,769	-
Miscellaneous expense	92,217	-
	<u>666,557</u>	<u>649,126</u>



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