

**MALINDI ISLAMIC CENTRE FOR ORPHANS  
ANNUAL REPORT AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**



**Malindi Islamic Centre for Orphans**

**Annual Financial Statements for the year ended 31 December 2021**

**Index**

---

The reports and statements set out below comprise the annual financial statements presented to the members:

General information	1
Report of the members	2
Members' responsibilities and approval	3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in trust funds	8
Statement of cash flows	9
Accounting policies	10 - 11
Notes to the financial statements	12 - 13
The supplementary information presented does not form part of the annual financial statements:	
Schedules	14
Income tax computation	15



**Malindi Islamic Centre for Orphans**

**Annual Financial Statements for the year ended 31 December 2021**

**General Information**

---

**Management Committee**

Ahmed Abdulrahman  
Jamal Salim Basti  
Aziz Mohamed Swaleh  
Mohamed Said Bashraheil  
Mohamed Abdullah Shikely  
Mohamed Talib Ali  
Said Abeid Awadh

**Trustees**

Shariff Assad Ahmed Al-Hussainy  
Abdulrahman Abubakar  
Omar Mohamed Bin Ali  
Habib Muhammad Abu

**Registered Office**

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

**Independent Auditors'**

Said Abeid Said & Co  
Certified Public Accountants  
Tangana Road Ganjoni  
Near KPLC, Mbaraki Depot  
P.O. Box 82667-80100  
Mombasa,Kenya

**Principal Bankers**

Gulf African Bank  
Malindi Branch

Diamond Trust Bank  
Malindi

First Community Bank  
Malindi Branch



**Malindi Islamic Centre for Orphans**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Report of the members**

---

The members present their annual report for the year ended 31 December 2021.

**1. Objective of the Society**

The organisation is registered in Kenya, and is domiciled in Kenya. The address of the registered office is as set out on page 2 the principal activity is to provide education, food, uniform, medical facilities to orphaned children to lead a normal life.

**2. Financial results**

The net deficit for the year of Shs 2,389,853 (2020: surplus Shs 1,030,955) has reduced the accumulated surplus funds.

**3. Statement as to disclosure to the members's auditor:**

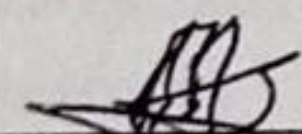
With respect to each member at the time this report was approved:

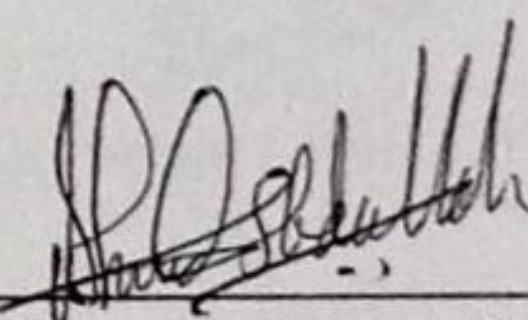
- (a) there is, so far as the person is aware, no relevant audit information of which the Society's auditor is unaware; and
- (b) the person has taken all the steps that the person ought to have taken as a member so as to be aware of any relevant audit information and to establish that the members's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

**Terms of appointment of the auditor**

Said Abeid Said & Co. continues in office in accordance with the Kenya trustees Act Cap 164/ Societies Act Cap 108. The members monitor the effectiveness, objectivity and independence of the auditor. The members 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 Abdulrahman**  
Chairman

  
\_\_\_\_\_  
**Mohamed Abdullah Shikely**  
Treasurer

03/03/2022



**Malindi Islamic Centre for Orphans**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Members' Responsibilities**

---


The members 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:

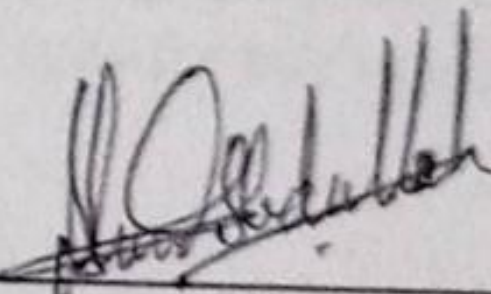
- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances

The members 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/ Societies Act Cap 108. The members 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 2021 and of its operating results for the year then ended. The members 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 members 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 management committee on 03/03/2022 and signed on its behalf by

  
\_\_\_\_\_  
**Ahmed Abdulrahman**  
Chairman

  
\_\_\_\_\_  
**Mohamed Abdullah Shikely**  
Treasurer



## Independent Auditor's Report

---

### Report on the Annual Financial Statements

#### Opinion

We have audited the annual financial statements of Malindi Islamic Centre for Orphans set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2021, 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.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Malindi Islamic Centre for Orphans as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Members' Responsibility for the Annual Financial Statements

The members 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 members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

#### Nairobi - Kenya.

77 Consolata Estate, Suite 6, Ring Road Westlands Lane,  
P.O. Box 29788 - 00100  
Tel: +254 726 765 263 / 0730 765 263  
Email: [said@said-abeid.com](mailto:said@said-abeid.com)

#### Mombasa - Kenya.

P.O. Box 82667 - 80100,  
Tel: +254 720 071 983 / 0731 071 982  
Email: [auditors@said-abeid.com](mailto:auditors@said-abeid.com)



### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

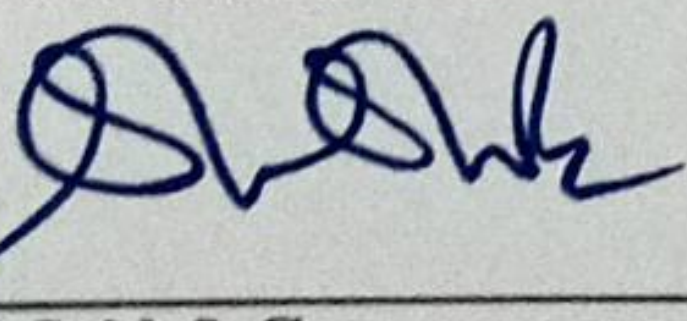
- i) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ii) obtain an understanding of internal control relevant to the audit 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 company's internal control.
- iii) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- v) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

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  
Mombasa

**SAID ABEID SAID & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
P. O. BOX 82667-80100  
MOMBASA-KENYA  
E-MAIL:-auditors@said-abeid.com

Date 04/03/2022



**Malindi Islamic Centre for Orphans**  
**Financial Statements for the year ended 31 December 2021**  
**Statement of Comprehensive Income**


	Note	2021 Shs	2020 Shs
<b>Income</b>		7,780,397	6,880,500
Gross surplus		<u>7,780,397</u>	<u>6,880,500</u>
Operating costs	17	(10,170,250)	(5,849,545)
<b>Operating (loss) / profit</b>		<u>(2,389,853)</u>	<u>1,030,955</u>
<b>Net (loss) / profit</b>		<u>(2,389,853)</u>	<u>1,030,955</u>

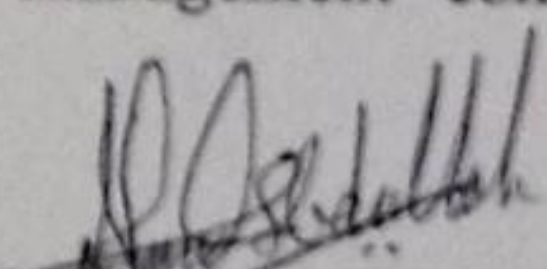


**Malindi Islamic Centre for Orphans**  
**Financial Statements for the year ended 31 December 2021**  
**Statement of Financial Position**

	Note	2021 Shs	2020 Shs
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	54,834,891	54,957,892
		<u>54,834,891</u>	<u>54,957,892</u>
<b>Current Assets</b>			
Cash and cash equivalents		680,413	2,897,265
		<u>680,413</u>	<u>2,897,265</u>
<b>Total Assets</b>		<u>55,515,304</u>	<u>57,855,157</u>
<b>Trust Funds and Liabilities</b>			
<b>Trust Fund</b>			
Trust capital account		8,673,208	8,673,208
Surplus fund		46,742,096	49,131,949
		<u>55,415,304</u>	<u>57,805,157</u>
<b>Current Liabilities</b>			
Trade and other payables		100,000	50,000
		<u>100,000</u>	<u>50,000</u>
<b>Total Funds and Liabilities</b>		<u>55,515,304</u>	<u>57,855,157</u>

The financial statements on pages 6 to 13 were authorised for issue by the management committee on 03/03/2022 and were signed on their behalf by:

  
 Ahmed Abdulrahman  
 Chairman

  
 Mohamed Abdullah Shikely  
 Treasurer



Malindi Islamic Centre for Orphans  
Financial Statements for the year ended 31 December 2021  
Statement of Changes in Trust Funds

	Trust capital	Surplus funds	Total
	Shs	Shs	Shs
Balance at 1 January 2020	8,673,208	48,100,994	56,774,202
Surplus for the year	-	1,030,955	1,030,955
Balance at 31 December 2020	<u>8,673,208</u>	<u>49,131,949</u>	<u>57,805,157</u>
Balance at 1 January 2021	8,673,208	49,131,949	57,805,157
Deficit for the year	-	(2,389,853)	(2,389,853)
Balance at 31 December 2021	<u>8,673,208</u>	<u>46,742,096</u>	<u>55,415,304</u>



**Malindi Islamic Centre for Orphans**  
**Financial Statements for the year ended 31 December 2021**  
**Statement of Cash Flows**

	Note	2021 Shs	2020
<b>Cash flows from operating activities</b>			
(Deficit)/ surplus for the year		(2,389,853)	1,030,955
<i>Adjustments for:</i>			
Depreciation - Tangible assets	2	123,002	188,677
<b>Operating cash flow before working capital changes</b>		<u>(2,266,851)</u>	<u>1,219,632</u>
<i>Working capital changes</i>			
Increase in trade and other payables		49,999	-
<b>Cash (utilised in)/generated by operating activities</b>		<u>(2,216,852)</u>	<u>1,219,632</u>
<b>Net surplus/ (deficit) from operating activities</b>		<u>(2,216,852)</u>	<u>1,219,632</u>
(Decrease)/increase in cash and cash equivalents		(2,216,852)	1,219,632
Cash and cash equivalents at beginning of the year		2,897,265	1,677,633
<b>Cash and cash equivalents at end of the year</b>		<u><b>680,413</b></u>	<u><b>2,897,265</b></u>



## 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.

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	Nil
Furniture and fittings	10%
Kitchen equipments	10%
Computer equipment	25%

### 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 account and surplus funds

All funds received by the trust are accounted for directly to the trust capital account. This includes the original donation received by the members to establish the trust, as well as all donations received by the members 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.



Malindi Islamic Centre for Orphans  
Financial Statements for the year ended 31 December 2021  
Accounting Policies

---

*Summary of significant accounting policies continued...*

**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**  
**Financial Statements for the year ended 31 December 2021**  
**Notes to the Annual Financial Statements**

	2021		2020			
	Shs		Shs			
2. Property, plant and equipment						
	Cost	Accumulated depreciation	2021 Carrying value	Cost	Accumulated depreciation	2020 Carrying value
	Shs	Shs	Shs	Shs	Shs	Shs
<i>Assets</i>						
Land and buildings	54,000,000	-	54,000,000	54,000,000	-	54,000,000
Furniture and fittings	555,740	(405,361)	150,379	555,740	(388,653)	167,087
Equipments	1,372,481	(824,035)	548,446	1,372,481	(763,097)	609,384
Computer equipment	595,860	(459,794)	136,066	595,860	(414,439)	181,421
	56,524,081	(1,689,190)	54,834,891	56,524,081	(1,566,189)	54,957,892

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	2021 Carrying value at end of year
	Shs	Shs	Shs	Shs
<i>Assets</i>				
Land and buildings	54,000,000	-	-	54,000,000
Furniture and fittings	167,087	-	(16,709)	150,378
Kitchen equipments	609,384	-	(60,938)	548,446
Computer equipment	181,421	-	(45,355)	136,066
	54,957,892	-	(123,002)	54,834,890

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2020 Carrying value at end of year
	Shs	Shs	Shs	Shs	Shs
<i>Assets</i>					
Land and buildings	54,000,000	-	-	-	54,000,000
Furniture and fittings	190,957	-	-	(23,870)	167,087
Kitchen equipments	696,439	-	-	(87,055)	609,384
Computer equipment	259,173	-	-	(77,752)	181,421
	55,146,569	-	-	(188,677)	54,957,892

**3. Cash and cash equivalents**

	Shs	Shs
Cash on hand	4,790	-
Bank balances	675,623	2,897,265
	680,413	2,897,265

**4. Trust Capital Account**

Balance at beginning of the year	8,673,208	8,673,208
Balance at the end of the year	8,673,208	8,673,208



**Malindi Islamic Centre for Orphans**  
**Financial Statements for the year ended 31 December 2021**  
**Notes to the Annual Financial Statements**

	2021	2020
	Shs	Shs
<b>5. Surplus fund</b>		
Surplus for the year	(2,389,853)	1,030,955
Surplus beginning of the year	49,131,949	48,100,994
Surplus at end of the year	<u>46,742,096</u>	<u>49,131,949</u>
<b>6. Trade and other payables</b>		
Sundry creditors	<u>100,000</u>	<u>50,000</u>
	<u>100,000</u>	<u>50,000</u>
<b>7. Income</b>		
Annual fund raising	6,634,518	5,701,844
Fees received	1,160,950	1,130,656
House rent	48,000	48,000
MICO	(63,071)	-
Malindi Orphans Academy	<u>7,780,397</u>	<u>6,880,500</u>

**8. Going Concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary operation.

The members have given due consideration to the potential impact of the COVID-19 pandemic on the Trust ability to continue as a going concern. The members believe that the pandemic will have a temporary impact on the Trust activities. Notwithstanding these short-term challenges the members are of the view that the Trust has sufficient resources to continue as a going concern.



Malindi Islamic Centre for Orphans  
Financial Statements for the year ended 31 December 2021  
Appendix

	2021	2020
<b>MALINDI ISLAMIC CENTRE FOR ORPHANS</b>		
	<b>Shs</b>	<b>Shs</b>
<b>INCOME</b>		
Annual fund raising	4,474,835	4,954,074
Fees collection	1,097,879	1,130,656
	<u>5,572,714</u>	<u>6,084,730</u>
<b>Other income</b>		
Donation	2,159,683	747,770
Rental income	48,000	48,000
	<u>2,207,683</u>	<u>795,770</u>
<b>EMPLOYMENT EXPENSES</b>		
Salaries & wages	5,601,780	3,513,027
	<u>5,601,780</u>	<u>3,513,027</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Printing & stationery	953,043	204,422
Communication	33,794	51,670
Depreciation	123,002	188,677
Bank charges	32,911	27,617
Water and electricity	166,872	88,854
Audit fees	50,000	50,000
Medical expense	69,540	30,230
Examinations	166,812	33,182
Repairs & maintenance	295,636	38,768
Transport expenses	65,525	34,905
Security	244,000	240,000
Cleaning	13,780	8,900
Professional fees	5,000	23,500
Registration fees	70,200	-
	<u>2,290,115</u>	<u>1,020,725</u>
<b>PROGRAMME EXPENSES</b>		
Bursary	424,100	105,900
Meals	1,854,255	1,209,893
	<u>2,278,355</u>	<u>1,315,793</u>
<b>TOTAL EXPENSES</b>	<u>10,170,250</u>	<u>5,849,545</u>



**Malindi Islamic Centre for Orphans**

**Financial Statements for the year ended 31 December 2021**

**Taxation**

**PIN: P051158288Z**

	Add Back	Deduct	2021	2020
	Shs	Shs	Shs	Shs
Operating (loss) / profit			(2,389,853)	1,030,955
Wear and tear	-	128,461		(153,533)
Depreciation per income statement	123,002	-		188,677
Donations	424,100	-		(641,870)
Professional fees	5,000	-		23,500
	552,102	128,461	423,641	(583,226)
Computed (loss) / income for the year			(1,966,212)	447,729
Assessed loss brought forward			(612,649)	(1,060,378)
Assessed loss carried forward			(2,578,861)	(612,649)

**WEAR AND TEAR SCHEDULE**

**FOR 12 MONTHS TO 31ST DECEMBER 2021**

RATE	Shs. 25% II	Shs. 10% IV	Shs. TOTAL
WRITTEN DOWN VALUE	194,380	798,657	993,037
Addition	-	-	-
<b>QUALIFYING COST:</b>	194,381	798,657	993,038
Allowance	48,595	79,866	128,461
WRITTEN DOWN VALUE	145,785	718,791	864,577