

MALINDI ISLAMIC CENTRE FOR ORPHANS
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

Malindi Islamic Centre for Orphans
Annual Financial Statements for the year ended 31 December 2022
Index

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

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 2022
General Information

Management Committee

Ahmed Abdulrahman
Jamal Salim Basty
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 2022
Report of the members

The members present their annual report for the year ended 31 December 2022.

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 196,827 (2021: surplus Shs 2,389,853) 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.

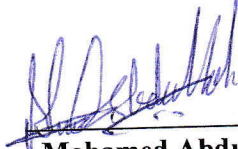
Terms of appointment of the auditor

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 Abduurrahman
Chairman



Mohamed Abdullah Shikely
Treasurer

Malindi Islamic Centre for Orphans

Annual Financial Statements for the year ended 31 December 2022

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

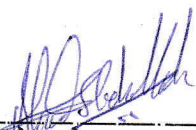
The members accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards for SME's and the requirements of the Kenyan Trust 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 2022 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 10th / 05 / 2023 and signed on its behalf by



Ahmed Abdulrahman
Chairman



Mohamed Abdullah Shikely
Treasurer



SAID ABEID SAID & CO.

Certified Public Accountants

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 2022, 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 2022, 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.

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:

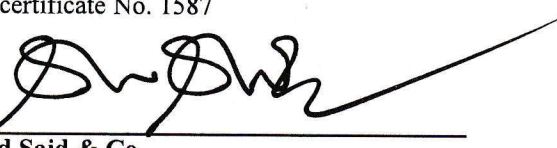
- i) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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

Date 24th / 05 / 2023

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


Malindi Islamic Centre for Orphans
Financial Statements for the year ended 31 December 2022
Statement of Comprehensive Income

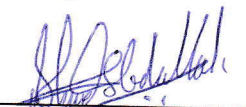
	Note	2022 Shs	2021 Shs
Income		8,443,648	5,572,714
Gross surplus		8,443,648	5,572,714
Other income		48,000	2,207,683
Operating costs	17	(8,688,475)	(10,170,250)
Operating deficit		(196,827)	(2,389,853)
Net deficit		(196,827)	(2,389,853)

Malindi Islamic Centre for Orphans
Financial Statements for the year ended 31 December 2022
Statement of Financial Position

	Note	2022 Shs	2021 Shs
Assets			
Non-Current Assets			
Property, plant and equipment	2	54,706,718	54,834,891
		<u>54,706,718</u>	<u>54,834,891</u>
Current Assets			
Cash and cash equivalents		611,760	680,413
		<u>611,760</u>	<u>680,413</u>
Total Assets		<u>55,318,478</u>	<u>55,515,304</u>
Trust Funds and Liabilities			
Trust Fund			
Trust capital account		8,673,208	8,673,208
Surplus fund		46,545,269	46,742,096
		<u>55,218,477</u>	<u>55,415,304</u>
Current Liabilities			
Trade and other payables		100,000	100,000
		<u>100,000</u>	<u>100,000</u>
Total Funds and Liabilities		<u>55,318,478</u>	<u>55,515,304</u>

The financial statements on pages 6 to 13 were authorised for issue by the management committee on 16th 10th 2023 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 2022
Statement of Changes in Trust Funds

	Trust capital	Surplus funds	Total
	Shs	Shs	Shs
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	8,673,208	46,742,096	55,415,304
Balance at 1 January 2022	8,673,208	46,742,096	55,415,304
Deficit for the year	-	(196,827)	(196,827)
Balance at 31 December 2022	8,673,208	46,545,269	55,218,477

Malindi Islamic Centre for Orphans**Financial Statements for the year ended 31 December 2022****Statement of Cash Flows**

	Note	2022	2021
		Shs	
Cash flows from operating activities			
Profit for the year		(196,827)	(2,389,853)
<i>Adjustments for:</i>			
Depreciation - Tangible assets	2	128,173	123,002
Operating cash flow before working capital changes		<u>(68,654)</u>	<u>(2,266,851)</u>
<i>Working capital changes</i>			
Decrease in trade and other payables		-	50,000
Cash utilised in operating activities		<u>(68,654)</u>	<u>(2,216,851)</u>
Net surplus/ (deficit) from operating activities		<u>(68,654)</u>	<u>(2,216,851)</u>
Decrease in cash and cash equivalents		(68,654)	(2,216,851)
Cash and cash equivalents at beginning of the year		680,414	2,897,265
Cash and cash equivalents at end of the year		<u>611,760</u>	<u>680,414</u>

Malindi Islamic Centre for Orphans
Financial Statements for the year ended 31 December 2022
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.

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 2022
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 2022

Notes to the Annual Financial Statements

	2022		2021	
	Shs		Shs	
2. Property, plant and equipment				
	Cost	Accumulated depreciation	2022 Carrying value	2021 Carrying value
	Shs	Shs	Shs	Shs
<i>Assets</i>				
Land and buildings	54,000,000	-	54,000,000	54,000,000
Furniture and fittings	555,740	(424,158)	131,582	150,379
Equipments	1,372,481	(892,591)	479,890	548,446
Computer equipment	595,860	(500,614)	95,246	136,066
	56,524,081	(1,817,363)	54,706,718	54,834,891

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	2022 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	150,379	-	(18,797)	131,582
Kitchen equipments	548,446	-	(68,556)	479,890
Computer equipment	136,066	-	(40,820)	95,246
	54,834,891	-	(128,173)	54,706,718

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2021 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	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

3. Cash and cash equivalents

	Shs	Shs
Cash on hand	-	4,790
Bank balances	611,760	675,623
	611,760	680,413

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 2022****Notes to the Annual Financial Statements**

	2022	2021
	Shs	Shs
5. Surplus fund		
Surplus for the year	(196,827)	(2,389,853)
Surplus beginning of the year	46,742,096	49,131,949
Surplus at end of the year	<u>46,545,269</u>	<u>46,742,096</u>
6. Trade and other payables		
Sundry creditors	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
7. Income		
Annual fund raising	6,897,798	4,474,835
Fees received	1,545,850	1,097,879
	<u>8,443,648</u>	<u>5,572,714</u>
8. Other income		
Sundry income	Appendix I	
	<u>48,000</u>	<u>2,207,683</u>
9. 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.

Malindi Islamic Centre for Orphans
Financial Statements for the year ended 31 December 2022
Appendix I

	2022	2021
MALINDI ISLAMIC CENTRE FOR ORPHANS		
	Shs	Shs
INCOME		
Annual fund raising	6,897,798	4,474,835
Fees collection	1,545,850	1,097,879
	<u>8,443,648</u>	<u>5,572,714</u>
Other income		
Donation	-	2,159,683
Rental income	48,000	48,000
	<u>48,000</u>	<u>2,207,683</u>
EMPLOYMENT EXPENSES		
Salaries & wages	5,069,400	5,601,780
	<u>5,069,400</u>	<u>5,601,780</u>
ADMINISTRATIVE EXPENSES		
Printing & stationery	213,460	953,043
Communication	13,525	33,794
Depreciation	128,173	123,002
Bank charges	27,713	32,911
Water and electricity	200,576	166,872
Audit fees	50,000	50,000
Medical expense	31,080	69,540
Examinations	285,952	166,812
Repairs & maintenance	94,775	295,636
Transport expenses	150,270	65,525
Security	264,000	244,000
Cleaning	26,815	13,780
Casual wages	1,058,427	-
Professional fees	-	5,000
Registration fees	-	70,200
	<u>2,544,766</u>	<u>2,290,115</u>
PROGRAMME EXPENSES		
Bursary	296,400	424,100
Meals	777,909	1,854,255
	<u>1,074,309</u>	<u>2,278,355</u>
TOTAL EXPENSES	<u>8,688,475</u>	<u>10,170,250</u>

Malindi Islamic Centre for Orphans
Financial Statements for the year ended 31 December 2022

Taxation

PIN; P051158288Z

	Add Back	Deduct	2022	2021
	Shs	Shs	Shs	Shs
Operating deficit			(196,827)	(2,389,853)
Wear and tear	-	108,326		(128,461)
Depreciation per income statement	128,173	-		123,002
Donations	296,400	-		424,100
Professional fees	-	-		5,000
	<u>424,573</u>	<u>108,326</u>	<u>316,247</u>	<u>423,641</u>
Computed income / (loss) for the year			<u>119,420</u>	<u>(1,966,212)</u>
Assessed loss brought forward			<u>(2,578,861)</u>	<u>(612,649)</u>
Assessed loss carried forward			<u>(2,459,440)</u>	<u>(2,578,861)</u>

WEAR AND TEAR SCHEDULE
FOR 12 MONTHS TO 31ST DECEMBER 2022

RATE	Shs. 25% II	Shs. 10% IV	Shs. TOTAL
WRITTEN DOWN VALUE	145,785	718,791	864,577
Addition	-	-	-
QUALIFYING COST:	<u>145,786</u>	<u>718,791</u>	<u>864,577</u>
Allowance	36,446	71,879	108,326
WRITTEN DOWN VALUE	<u>109,339</u>	<u>646,912</u>	<u>756,251</u>