

JITEGEMEE CHILDRENS PROGRAM

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Jitegemee Childrens Program 1
Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2018

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Organization's Information

Board of Trustees

Mrs Terry Wavinya Mutuku --- Chairperson
Dr Peter Nthuli Nduulu ---Vice Chairperson
Mrs Verity N. Tichawangana-----Secretary
Mr Rasto Omollo-----Treasurer
Mrs Benedicta Musau----Member

Registered Office

Machakos Municipality Block 11/884
P.O.Box 1100-90100
Machakos, Kenya

Independent Auditors

MGK Associates
Certified Public Accountants of Kenya
2nd floor, Mayfair Business Centre, Off Parklands Road
P. O. Box 6358 - 00100
Nairobi

Principal Bankers

Barclays Bank
Machakos Branch

Report of the management trustees

The trustees submit their report together with the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of the organisation.

Incorporation

The organization is registered as a charitable children organization by the NGO Coordination Board and is domiciled in Kenya. The address of the registered office is set out on page 2.

Principal activities

The principal activity of the organization is provision of education and life skills to less privileged children in the community in Machakos County.

Trustees

The trustees who held office during the year and to the date of this report are listed on page 2.

Auditors

The organization's auditors, MGK Associates, who have indicated willingness to continue in office and do so in accordance with the provisions of NGO Coordination Act.

By order of the board:

Benjamin Karwa

Secretary

Muki

Date : *1st July* 2019





REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JITEGEMEE CHILDRENS PROGRAM LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2018.

Opinion

We have audited the accompanying financial statements of Jitegemee Childrens Program Limited (the organisation), set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income and statements of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards 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 organisation 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 other 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 trustees 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.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards for Small and medium sized entities and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JITEGEMEE CHILDRENS PROGRAM LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2018 (CONTINUED).

Trustees' responsibility for the financial statements (continued)

In preparing the financial statements, the trustees are responsible for assessing the organisation'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 trustees either intend to liquidate the organisation 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 judgment and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 organisation'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 our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Daniel Muhia of Practising Certificate No. 1717

MAK Associates
Certified Public Accountants
 Nairobi

1st July
 _____ 2019

Statement of Income and expenditure

	Note	2018 Kshs	2017 Kshs
Income			
Donations	3	13,647,030	13,179,248
Other Income	3	-	75,000
		<u>13,647,030</u>	<u>13,254,248</u>
Expenditure			
Administrative Expenses	Page 15	(5,167,629)	(4,431,130)
Establishment Expenses	Page 15	(552,551)	(216,743)
Other Program Expenses	Page 16	(7,700,081)	(7,466,835)
Total operating expenses		<u>(13,420,261)</u>	<u>(12,114,707)</u>
(Deficit)/surplus for the year		<u>226,769</u>	<u>1,139,541</u>

The notes on pages 10 to 16 form an integral part of these financial statements

Statement of financial position

	Note	2018 Kshs	2017 Kshs
Non - Current Assets			
Capital work in progress	8	23,451,846	22,792,315
Property and equipment	7	3,317,480	3,208,931
		<u>26,769,326</u>	<u>26,001,246</u>
Current Assets			
Cash and bank balances	5	456,278	1,245,324
Total assets		<u>27,225,604</u>	<u>27,246,570</u>
Reserves			
Share capital			
General Fund		27,074,176	26,847,407
Current Liabilities			
Payables and Accruals	6	151,428	399,163
Total Reserves and Liabilities		<u>27,225,604</u>	<u>27,246,570</u>

The notes on pages 11 to 14 form an integral part of these financial statements

The financial statements were approved by the board of trustees on 1st July 2019 and signed on its behalf by

Jennifer Kariuki

For Mrs. Verity N. Tichawangana
Secretary

Terry Wavinya
 Mrs. Terry Wavinya
Chairperson



Jitegemee Childrens Program
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	Note	2018 Kshs.	2017 Kshs.
Statement of cashflows			
Cash flow from operating activities			
(Deficit)/Surplus for the year	4	226,769	1,139,541
Adjustments for:			
Depreciation of Property and Equipment	7	174,251	152,843
		<u>401,020</u>	<u>1,292,383</u>
Operating cash flow before working capital changes			
(Decrease)/Increase in trade and other payables	6	<u>(247,735)</u>	<u>(116,863)</u>
Net cash flow(used in)/ from operating activities		<u>(247,735)</u>	<u>1,175,520</u>
Investing Activities			
Work in progress-Building construction	8	(659,531)	(568,210)
Acquisition of assets	7	<u>(282,800)</u>	<u>(253,214)</u>
Net cash flow used in investing activities		<u>(942,331)</u>	<u>(821,424)</u>
Net(decrease)/increase in cash and cash equivalents		(789,046)	354,096
Cash and cash equivalents at beginning of the year		1,245,324	891,227
Cash and cash equivalents at the end of the year	5	<u>456,278</u>	<u>1,245,324</u>

The notes on pages 11 to 14 form an integral part of these financial statements

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Statement of changes in funds balance
FOR THE YEAR ENDED 31 DECEMBER 2018

	General Fund Kshs
Year 2018	
Balance at 1st January	26,847,407
(Deficit) for the year	226,769
Balance at 31st December	<u>27,074,176</u>
Year 2017	Kshs
Balance at 1st January	25,707,866
Surplus for the year	1,139,541
Balance at 31st December	<u>26,847,407</u>

General information and summary of significant accounting policies

1.) General information

Jitegemee Childrens Program is a not-for-profit organization registered in Kenya under the NGOs Coordination Act. The principal activity is that of providing education and life skills to less privileged children in the communities of Machakos County. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the provisions of the Non Governmental Organizations Act. The financial statements have been prepared on the historical cost basis except where otherwise stated, and incorporate the principal accounting policies set out below. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

2.1 Going concern

The financial performance of the organization is set out in the Statement of income and expenditure. The financial position of the organization is set out in the statement of financial position.

Based on the financial performance and position of the organization and its risk management policies, the managing trustees are of the opinion that the organization is well placed to continue in operation for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

2.2 Critical accounting estimates, judgements and assumptions

In the application of the accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The trustees have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Property and equipment

Critical estimates are made by the trustees in determining depreciation rates for property and equipment. The rates used are set out in the accounting policy under property and equipment.

(ii) Useful lives of property and equipment

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the trustees determined no significant changes in the useful lives and residual values.

2.3 Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Significant accounting policies

2.3 Property and equipment(Continued)

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 organisation and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income and expenditure during the financial year in which they are incurred.

Depreciation is calculated on a reducing balance basis, to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Item	Rate %
Office computers	30
Furniture & Equipment	12.5

Leasehold land is not depreciated

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

2.4 Capital works in progress

Capital works in Progress are in respect of expenditures incurred to construct an office building that has a library and conference rooms on completion. The project is expected to be completed by year 2018. These expenditures will be transferred to Building account on completion

2.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts. These are initially and subsequently recorded at fair value.

In the opinion of the directors, the organisation's cash and cash equivalents are held with sound and reputable financial institutions thus not subject to liquidity risks

2.6 Grants and Donations

All donations and grants shall be recognized as revenue in the period when they are received into the programme's bank accounts.

2.7 Employee benefits

Retirement benefit obligations

The organisation and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The organisation's contributions to the defined contribution scheme are charged to the statement of income and expenditure in the year to which they relate.

2.8 Comparatives

The comparative amounts have been adjusted where necessary to comply with the reporting in the current year

	2018 Kshs.	2017 Kshs.
3 Income		
Donations	13,647,030	13,179,248
Sundry donations	-	75,000
	<u>13,647,030</u>	<u>13,254,248</u>
4 (Deficit)/ surplus for the year		
The following items have been charged in arriving at surplus/(deficit) for the year		
Depreciation of property and equipment	174,251	152,843
Auditors' remuneration	87,000	87,000
Employee benefits expenses	4,273,101	3,220,479
	<u>4,273,101</u>	<u>3,220,479</u>
5 Cash and cash equivalents		
Cash in hand	21,978	198,477
Cash at bank	434,300	1,046,848
	<u>456,278</u>	<u>1,245,324</u>
6 Payables		
Payables and Accruals	<u>151,428</u>	<u>399,163</u>
7 Property and equipment		
Refer to page 14		
8 Work in progress- Office Building Asset		
At start of year	22,792,315	22,224,108
Additions	659,531	568,207
At end of year	<u>23,451,846</u>	<u>22,792,315</u>

The work in progress is in respect of an office building under construction. The completion is expected to be in Year 2019

9 Presentation Currency
 The financial statements are presented in Kenya Shillings(Shs)

7 Property and equipment

	Leasehold Land	Furniture Fittings Office Equipment 12.5%	Computers 30%	Total
Year 2018				
Cost				
At 1st January 2018	2,468,000	958,193	376,500	3,802,693
Additions	-	182,800	100,000	282,800
Disposal				
At 31st December 2018	2,468,000	1,140,993	476,500	4,085,493
Depreciation				
At 1st January 2018	-	381,744	212,018	593,762
Charge for the year		94,906	79,345	174,251
At 31st December 2018	-	476,650	291,362	768,013
Net book value				
At 31st December 2018	2,468,000	664,343	185,138	3,317,480
Year 2017				
Cost				
At 1st January 2017	2,468,000	803,979	277,500	3,549,479
Additions	-	154,214	99,000	253,214
Disposal				-
At 31st December 2017	2,468,000	958,193	376,500	3,802,693
Depreciation				
At 1st January 2017	-	299,394	141,525	440,919
Charge for the year		82,350	70,493	152,843
At 31st December 2017	-	381,744	212,018	593,762
Net book value				
At 31st December 2017	2,468,000	576,449	164,483	3,208,931

1.ADMINISTRATIVE EXPENSES

	2018	2017
	Shs	Shs
Employment		
Salaries ,wages and Honoraria	<u>4,273,101</u>	<u>3,220,479</u>
Other administrative expenses		
Audit fees	87,000	87,000
Bank charges and commissions	28,994	24,577
Donations	-	60,000
Transport and travel	226,480	175,620
Office expenses and internet	552,054	332,164
Legal and Professional	-	531,290
	<u>894,528</u>	<u>1,210,651</u>
Total administration expenses	<u><u>5,167,629</u></u>	<u><u>4,431,130</u></u>

ESTABLISHMENT EXPENSES

Establishment:		
Electricity and water	378,300	63,900
Depreciation on property and equipment	174,251	152,843
Total other operating expenses	<u><u>552,551</u></u>	<u><u>216,743</u></u>

2. OTHER PROGRAM EXPENSES

	2018 Shs	2017 Shs
Professional development	180,319	151,980
Reading materials	241,910	202,830
Office computer expenses/computer classes	6,800	303,021
Coordinators: Board capacity building	188,690	136,765
Shoes	137,080	147,629
Uniform	162,650	188,555
Feeding program	831,417	1,113,755
Recreation	540,623	565,785
Tuition Fees	210,105	149,550
Teaching fees	1,908,407	1,552,900
Upkeep college and Secondary	953,343	786,485
Vocational fees	769,133	829,655
Attachments	307,335	540,500
Trade materials	-	28,950
Food/Family assistance	120,000	96,900
Health Care	540,913	466,831
Youth development hub	12,395	-
Donors field trip	-	75,204
Economic empowerment	569,926	47,740
Emergency expenses	-	81,800
Monitoring and evaluation	19,035	-
	<u>7,700,081</u>	<u>7,466,835</u>