

CATHOLIC DIOCESE OF KITUI

DEVELOPMENT OFFICE - MAIN ACCOUNT

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER, 2015

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER, 2015**

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**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
CORPORATE INFORMATION
31 DECEMBER, 2015**

Management Board Members

- 1 Rt. Rev. Anthony Muheria- Bishop
Catholic Diocese of Kitui
- 2 Very. Rev.Fr. Joseph Mwongela - Vicar General 1
Catholic Diocese of Kitui
- 3 Very. Rev.Fr. John Mwandu - Vicar General 2 /
Financial Administrator ,Catholic Diocese of Kitui
- 4 Mr.Anthony Mbandi
- 5 Rev. Fr. Francis Ngungu
- 6 Mr. William Maema
- 7 Mr. Nicholas Mulila
- 8 Dr. Naomi Mawia Mangatu
- 9 Mr. Francis Kamau
- 10 Dr. Joseph Nzomoi
- 11 Mr. Kiema Mwandia
- 12 Ms. Paschalia Mbutu
- 13 Ms. Jane Kibati
- 14 Ms. Florence Ndeti
- 15 Mr. Patrick Kiusya
- 16 Mr. Joseph Kamau - Caritas Director

Principle Place of Business & Operation

Development Office Headquarters
The Catholic Diocese of Kitui
Kitui Municipality
P O Box 300 - 90200
Kitui

Auditors

Mulila & Associates
Certified Public Accountants
P.O. Box 61924 - 00200
Nairobi

Principal Bankers

National Bank Ltd
Kitui Branch
P.O. Box 166 - 90200
Kitui

Kenya Commercial Bank Ltd
Kipande House Branch
P.O. Box 30012 - 00100
Nairobi

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
REPORT OF THE BOARD OF MANAGEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2015

The Management Board presents their report and the audited financial statements for the year ended 31 December 2015.

1. LEGAL STATUS

The Development Office is an arm of the Catholic Diocese of Kitui that is mandated with the objective of sourcing for funds for the projects of the Diocese in Kitui county. The Diocese of Kitui is registered under Trusteeship Law.

2. PRINCIPAL ACTIVITY

The principal activity of the Development office is sourcing funds, implementing and monitoring the projects of the Diocese of Kitui. The Catholic Diocese of Kitui is the principal organisation under which all projects operate. All correspondence and documentation as well as the bank accounts are in the name of the Diocese which acts as the umbrella and oversight body.

The Development Office is also working directly with the World Food Programme (WFP) and Food and Agriculture Organization of the United Nations for the purpose of enhancing food security to marginalised communities.

3. OPERATING RESULTS

The results for the year are shown on page 6

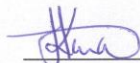
4. BOARD OF MANAGEMENT

The Members of the Board of Management who served during the year are shown on page 2.

5. AUDITORS

The auditors Mulila & Associates, Certified Public Accountants of Kenya, have expressed their willingness to continue in office.

By order of the board.



Secretary

May 25th

2016

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 2015

Statements of responsibilities

The Trustees Act requires the Board of Management to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organization or project as at the end of financial year and of its surplus or deficit. It also requires the Board of Management to ensure that the organization keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the organisation or project. They are also responsible for safeguarding the assets of the organisation or project.

The Board of Management accept responsibility for the financial statements for the project period, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Trustees Act. The Board of Management are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the project and of its surplus or deficit. The Board of Management further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board of Management to indicate that the Development Office – Main Account will not remain a going concern for at least the next twelve months from the date of this statement

Approved by the Management Board on 20/5/2016 2015 and signed on its behalf by:

Chairman, Board of Management



Financial Administrator



M&A
Mulila & Associates
Certified Public Accountants

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MANAGEMENT BOARD OF
DEVELOPMENT OFFICE - MAIN ACCOUNT**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Development Office - Main Account set out on pages 6 - 19 which comprise the statement of financial position at 31st December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, together with a summary of significant accounting policies and other explanatory notes.

THE BOARDS' RESPONSIBILITY TO THE FINANCIAL STATEMENTS

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with with International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal controls as the management board and trustees determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent opinion on 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 depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company at 31 December, 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards

REPORT ON OTHER LEGAL REQUIREMENTS

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 account have been kept by the company, so far as appears from our examination of those books; and
- (iii) The Organization's statement of the financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA
Anthony Mulila P/No.1897

Mulila & Associates
Mulila & Associates
Certified Public Accountants of Kenya
Nairobi, Kenya

28/05/16

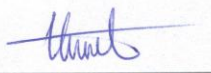
**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

Revenue	Notes	2015 Kshs	2014 Kshs
Grants & Interest	20.	<u>67,144,728</u>	<u>64,677,020</u>
Direct Expenses	20.	5,442,453	4,247,974
Staff Costs	20.	38,899,747	36,311,879
Depreciation	5	1,124,550	1,707,863
Administrative Expenses	20.	<u>16,326,377</u>	<u>18,547,024</u>
Total Expense		<u>61,793,127</u>	<u>60,814,740</u>
Surplus funds for the year		<u><u>5,351,602</u></u>	<u><u>3,862,280</u></u>

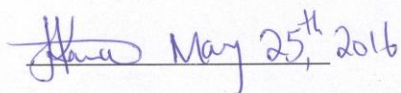
**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015**

ASSETS	Note	2015 KShs	2014 KShs
Non-current Assets			
Property, Plant and Equipment	5	<u>17,448,959</u>	<u>18,540,017</u>
Current Assets			
Bank balance	7	13,604,019	13,561,244
Receivables	6	<u>18,374,923</u>	<u>20,810,228</u>
		<u>31,978,942</u>	<u>34,371,472</u>
Total Assets		<u><u>49,427,901</u></u>	<u><u>52,911,489</u></u>
RESERVES AND LIABILITIES			
Funds and Reserves			
Accumulated Funds	Pg 8	44,190,591	38,334,104
Project Funds	8	<u>1,958,566</u>	<u>10,103,141</u>
		<u>46,149,157</u>	<u>48,437,245</u>
Current Liabilities			
Women Groups	9	2,196,093	1,964,048
Payables	11	<u>1,082,651</u>	<u>2,510,196</u>
		<u>3,278,744</u>	<u>4,474,244</u>
Total Funds, Reserves and Liabilities		<u><u>49,427,901</u></u>	<u><u>52,911,489</u></u>

The financial statements on pages 6 to 19 were authorised for issue by the Board of Management on 20/5/16 2016 and were signed on its behalf by :-



Financial Administrator

 May 25th 2016

Development Coordinator

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	Accumulated Fund Kshs	Total Kshs
Year Ended 31 December 2014			
As at 1 January 2014		35,271,080	35,271,080
Prior year adjustment		(799,256)	(799,256)
Surplus for the Year	20	<u>3,862,280</u>	<u>3,862,280</u>
As at 31 December 2014		<u><u>38,334,104</u></u>	<u><u>38,334,104</u></u>
Year Ended 31 December 2015			
As at 1 January 2015		38,334,104	38,334,104
Prior year adjustment		504,885	504,885
Surplus for the Year	20	<u>5,351,602</u>	<u>5,351,602</u>
As at 31 December 2015		<u><u>44,190,591</u></u>	<u><u>44,190,591</u></u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 Kshs	2014 Kshs
Cash generated from Operations			
Surplus for the year	21	5,351,602	3,862,280
Adjustments for:			
Prior year adjustment		504,885	(799,256)
Depreciation on property, plant and equipment	5	<u>1,124,550</u>	<u>1,707,863</u>
Operating surplus before working capital changes		6,981,037	4,770,887
Working capital changes			
Decrease / (increase) in receivables		2,435,305	(3,551,729)
(Decrease) / Increase in payables		(1,427,549)	917,758
(Decrease) in project funds		(8,144,574)	(4,757,416)
Increase / (Decrease) in Women groups deposits		<u>232,046</u>	<u>(630,680)</u>
Net cash generated / (utilised) from operating activities		76,265	(3,251,180)
Investing Activities			
Purchase of fixed assets	5	<u>(33,490)</u>	<u>(1,752,736)</u>
Net increase / (decrease) in cash and cash equivalents		42,775	(5,003,916)
Cash and cash equivalents at 1st January		<u>13,561,244</u>	<u>18,565,160</u>
Cash and cash equivalents at 31st December	7	<u><u>13,604,019</u></u>	<u><u>13,561,244</u></u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out

a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). The financial statements are prepared under the historical cost basis of accounting as modified by the revaluation of property, and presented in the functional currency, Kenya Shillings (Shs) rounded to the nearest shilling.

The preparation of financial statements in conformity with International Financial Reporting Standards 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 organisation. These areas involve a higher degree of judgement and complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Adoption of new and revised standards

The organisation has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (the IASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2009. These are :

The following amendments to standards and interpretations will be mandatory for the accounting periods beginning on or after 1 January 2009, but which the organisation has not adopted, and is reviewing their relevance to its operations.

- IFRS 2 (Amendment), Group cash - settled share based payment transactions
- IFRS 3 (Revised) Business Combinations
- IAS 24, Related Party Disclosures
- IAS 27, (Revised), Consolidated and Separate Financial Statements
- IAS 32, (Amendment) Classifications of rights

The board anticipates that the adoption of these revisions in the future periods will have no material financial impact on the financial statements of the entity.

b) Revenue recognition

The Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

i) Sales

Sales are recognised as income on the accrual basis

ii) Donations and miscellaneous income

Donations and miscellaneous income are recognised as income on receipt unless a donation or miscellaneous income is nominated for a specific accounting period in which case it is credited to income in that period.

iii) All other income is recognised on a receipt basis.

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2015

c) Donated services

Donated services are valued at the estimated cost that the organisation would incur to have the services performed and are accounted for when the services are rendered.

d) Property, plant and equipment & depreciation

Property, plant and equipment are stated at cost or valuation 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 organisation and the cost of the item can be measured reliably. Repairs and maintenance is charged to the income and expenditure in the year to which it relates.

Increases in the carrying amount arising from revaluation are credited to the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to the income and expenditure account. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income and expenditure account) and the depreciation based on the asset's original cost transferred from the revaluation reserve to the general fund.

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

	Rate - %
Buildings	2.00
Motor vehicles	25.00
Furniture & fittings	12.50
Equipment	12.50
Computers, Cameras & Copiers	33.30

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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 reserve relating to the asset are transferred to the general fund.

If any such indications exist and where the carrying values exceed the recoverable amount, property, plant and equipment are written down to their recoverable amounts.

Property, plant and equipment purchased on hire purchase agreements and finance lease arrangements are capitalised at the date of agreement. The interest element of each instalment is charged to the income and expenditure account at the time each instalment falls due.

Capital work in progress is stated at cost.

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

e) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

f) Translation of foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing at the balance sheet date. Transactions during the year are translated at the rates of exchange ruling on the dates of transaction. The resulting gains and losses are dealt with in the income and expenditure account.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the costs of purchase and other costs incurred in bringing the products to their present location and condition. Costs is determined using weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provision is made for obsolete, slow moving and defective inventories.

h) Employee benefits

i) Pensions obligations

The Development Office contributes to statutory defined contribution pension scheme, The National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Kshs 200 per employee per month, with the Development Office contributing a similar amount.

The Development Office contribution to the above schemes are charged to the income and expenditure account in the year in which the relate.

ii) Terminal benefits

Terminal benefits are payable when employment is terminated before normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Development Office recognizes these benefits when either, it is committed to either terminating the employment of current employees according to a detailed plan without possibility of withdrawal or, providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

i) Employee entitlements

Employees entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated monetary liability for annual leave at the balance sheet date and recognised as an expense accrual.

j) Financial instruments

Financial instruments carried on the balance sheet date include cash in hand, cash at bank and short term deposits, trade and other receivables, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

k) Trade and other payables

Trade payables are stated at their nominal values

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

l) Trade and other receivables

Trade receivables are recognised at the original invoice amounts less allowance for any doubtful amounts. Specific provision is made for all known doubtful debts.

m) Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand, cash in the bank and short term bank deposits.

For the purposes of the Cash flow statements, the year end cash and cash equivalents comprise cash and cash equivalents as defined above.

n) Borrowing Costs

Related costs of borrowing to finance projects are capitalized. These borrowing costs comprise interest and commitment fees.

o) Related parties

In the normal course of business the Development Office has entered into transactions with related parties. The related party transactions are at arms length.

p) Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or where the transfer of economic benefits is uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the accounts but are disclosed by way of a note unless the likely hood of a liability arising is assessed as remote.

q) Provisions

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of past event and it is more likely than not that an outflow of economic benefits will be required to settle the obligation and it can be reliably estimated.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

i) Critical accounting estimates and assumptions

Property, plant and equipment

Critical estimates are required in determining the depreciation rates for property, plant and equipment. The management determines these rates of depreciation based on their assessment of the useful lives of the various items of property, plant and equipment. These rates are set out in policy 1 (d)

ii) Critical judgements in applying the entity's accounting policies. In the process of applying the organisation's accounting policies, management has made judgements in determining:

- The classification of financial assets and leases
- Whether assets are impaired

3. Comparatives

Comparative figures have been included.

4. Employees

The average number of employees during the year was 64, excluding volunteers.

CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

5. PROPERTY, PLANT AND EQUIPMENT SCHEDULE

(a) PROPERTY PLANT AND EQUIPMENT SCHEDULE 2015

	Land 0.0% Kshs	Buildings 2.0% Kshs	Motor Vehicles 25.0% Kshs	Equipment 12.5% Kshs	Furniture & Fittings 12.5% Kshs	Totals Kshs
COST						
As at 1 January 2015	5,588,255	9,420,033	4,393,800	257,076	3,111,019	22,770,183
Additions	-	-	-	-	33,490	33,490
Written off	-	-	(2,350,000)	-	-	(2,350,000)
As at 31 December 2015	5,588,255	9,420,033	2,043,800	257,076	3,144,509	20,453,673
DEPRECIATION						
As at 1 January 2015	-	537,228	2,518,250	58,465	1,116,221	4,230,164
Charge on the written off	-	-	(2,350,000)	-	-	(2,350,000)
Charge for the year	-	188,401	510,950	32,135	393,064	1,124,550
As at 31 December 2015	-	725,629	679,200	90,600	1,509,285	3,004,714
NET BOOK VALUE						
As at 31 December 2015	5,588,255	8,694,404	1,364,600	166,476	1,635,224	17,448,959
As at 31 December 2014	5,588,255	8,882,804	1,875,550	198,610	1,994,798	18,540,016

(b) PROPERTY PLANT AND EQUIPMENT SCHEDULE 2014

COST						
As at 1 January 2014	5,588,255	9,316,727	2,839,600	161,846	3,111,019	21,017,447
Additions	-	103,306	1,554,200	95,230	-	1,752,736
As at 31 December 2014	5,588,255	9,420,033	4,393,800	257,076	3,111,019	22,770,183
DEPRECIATION						
As at 1 January 2014	-	348,828	1,419,800	26,331	727,344	2,522,303
Charge for the year	-	188,401	1,098,450	32,135	388,877	1,707,863
As at 31 December 2014	-	537,229	2,518,250	58,466	1,116,221	4,230,166
NET BOOK VALUE						
As at 31 December 2014	5,588,255	8,882,804	1,875,550	198,610	1,994,798	18,540,017
As at 31 December 2013	5,588,255	8,967,899	1,419,800	135,515	2,383,675	18,495,144

CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Note	Kshs	Kshs
6. TRADE & OTHER RECEIVABLES			
Brooke		359,694	-
Mavc		372,555	-
Kitui Pastoral Centre		100,000	-
Thome wa Aklisto Community		300,000	-
Consolidated PAYE		1,699,584	-
Special Needs		80,000	-
Riverside service station		522,846	-
Goats & Sheep Project		2,469,178	2,469,178
Provident Fund		2,115,465	2,115,465
Imprest		423,399	928,258
Finance Office		4,381,605	4,023,751
Thome Bookshop		250,000	250,000
General Debtors		2,216,566	3,120,959
CAFOD & FRD		81,318	81,318
D.O.K - PRRO		54,832	327,184
Water Development Account		500,000	1,349,250
Provident Fund Recovery		2,392,881	1,068,699
Accruals - Interest Receivable Kitui Ginnery		55,000	55,000
Water Bowzer		-	198,110
Imprest - EMOP		-	934,250
D.O.K. - Livelihood Programme		-	263,047
D.O.K. - Development Planning		-	17,344
D.O.K. - Trocaire HRP		-	2,608,415
Bajaber		-	1,000,000
		<u>18,374,923</u>	<u>20,810,228</u>
7. BANK BALANCES			
National bank of Kenya		639,662	1,724,204
Kenya commercial bank		10,964,357	9,837,040
Fixed deposit		2,000,000	2,000,000
		<u>13,604,019</u>	<u>13,561,244</u>
8. PROJECT FUNDS			
Women Co-operative fund		890,662	1,330,662
Other projects fund balances	10	88,403	2,669,278
Trocaire Justice & Peace		-	2,153,412
Lenten Campaign 2014		326,970	222,503
Caritas Germany Emergency Project		(40,251)	(461,838)
Food & Agriculture Organisation		692,782	(65,999)
Water Development		-	3,851,756
Livelihood Programme		-	403,367
		<u>1,958,566</u>	<u>10,103,141</u>

CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	Kshs	Kshs
9. Fixed Deposits - Women Groups		
Mutune	225,799	208,213
Boma	200,000	179,138
Muthale	132,517	120,000
Mwingi	183,885	166,611
Miambani	200,000	179,138
Migwani	153,985	139,440
Zombe	(1,000)	(1,000)
Nguni	52,556	45,469
Kyangi	184,132	163,270
Ikanga	174,579	153,717
Kavisuni	119,837	102,835
Mutito	169,803	148,941
Kabati	200,000	179,138
Nguutani	200,000	179,138
	<u>2,196,093</u>	<u>1,964,048</u>
10 Other Project Funds		
FRB Project	(981,101)	-
Kenya Land Alliance	145,650	-
Project: KEN 660	-	500,380
K- Sales Project	(752,463)	(3,728)
Non Food Item	54,832	327,184
Faoke	1,602,735	1,602,735
Catholic Women Association	12,950	(1,250)
AIDS Programme	5,800	116,577
KCS - Mission	-	247,380
Accountability CAFOD	-	(120,000)
	<u>88,403</u>	<u>2,669,278</u>
11 PAYABLES		
General Creditors	499,268	2,209,308
Audit fees	292,859	300,888
Audit fees Projects	260,524	-
Accruals	30,000	-
	<u>1,082,651</u>	<u>2,510,196</u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. FUNDS RISK MANAGEMENT

The Development Office manages its funds to ensure that it will be able to continue as a going concern while maintaining optimum balance of debt equity. The Development Office's overall strategy remains unchanged.

The fund structure of the Development Office consists of cash and cash equivalents and funds comprising of accumulated revenue reserves and surplus for the year.

13. Risk Management Objectives and Policies

The organisation's activities expose it to variety of financial risk: market risk including (interest rate risk and price risk), credit risk and liquidity risk. The organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Price risk

The organisation is exposed to commodity price risk.

Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to partners/ clients, including outstanding receivables.

If clients (or consumers of the materials/services), are indepently rated, these rating are used. Otherwise, if there is no independent rating , the management assesses the the credit qualities of these clients, taking into account their financial position, past experience and other factors.

Individual limits are based on on internal or external information in accordance with limits set set by the management. The utilization of credit limits is regularly monitored .

None of the financial assets that are fully performing has been negotiated in the last year, however market rates were applied. Exposure to risk has been quantified in each financial asset in the financial statements along with any concentration of risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amount committed credit facilities and ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Management Office's management maintains flexibility in funding by maintaining under committed credit lines.

14 Currency risk

The Management Office operates wholly within Kenya and its assets and liabilities are reported in the local currency.

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 Kshs	2014 Kshs
15. TELEPHONE, FAXES, E-MAIL & POSTAGE		
Telephone	589,319	404,259
E-mail	289,500	294,912
Postage	22,280	50,570
	<u>901,099</u>	<u>749,741</u>
16. PROFESSIONAL FEES		
Audit fees	292,860	278,688
Audit fees - Projects	260,524	-
Consultancy fees	287,800	246,869
Legal fees	3,000	-
	<u>844,184</u>	<u>525,557</u>
17. WORKSHOP EXPENSES		
Meals & Accommodation	1,975,950	1,001,315
Transport	2,474,204	2,880,771
Facilitation	135,000	34,000
Other workshop expenses	602,175	-
	<u>5,187,329</u>	<u>3,916,086</u>
18. PROJECT EXPENSES		
Loading & off-loading	<u>255,124</u>	<u>331,888</u>
19. MOTOR VEHICLE RUNNING EXPENSES		
Insurance & Licences	-	1,005,888
Motor vehicles fuel and repairs	5,962,125	8,853,426
Motorbikes fuel and repairs	1,385,236	-
Purchase Motorbikes	893,000	-
Vehicle Hire	623,382	765,712
	<u>8,863,743</u>	<u>10,625,026</u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. DETAILED PROFIT AND LOSS ACCOUNT

	Notes	2015 Kshs	2014 Kshs
REVENUE			
World Food Programme		39,362,239	36,954,497
Operating Grants		22,202,914	27,436,055
Interests		636,959	286,468
Mileage		2,502,616	-
Gain on motor vehicle written off		1,330,000	-
Sale of Vehicles		1,100,000	-
Projector		10,000	-
		<u>67,144,728</u>	<u>64,677,020</u>
Direct Expenses			
Workshop Expenses	17.	5,187,329	3,916,086
Projects Expense	18.	255,124	331,888
		<u>5,442,453</u>	<u>4,247,974</u>
Staff Costs			
Salaries & Wages		36,274,844	35,054,943
Staff Expenses		1,579,057	1,013,546
Staff Training		1,045,846	243,390
		<u>38,899,747</u>	<u>36,311,879</u>
Depreciation			
Charge for the year	5	<u>1,124,550</u>	<u>1,707,863</u>
Administrative Expenses			
Transport & Travel Costs		2,338,623	2,613,543
Equipment repairs & maintenance		1,030,558	992,204
Telephone & Postages	15.	901,099	749,741
Printing & Stationery		880,446	639,253
Professional Fees	16.	844,184	525,557
Donations		735,885	1,416,057
Rent		106,000	471,263
Motor Vehicle Expenses	19.	8,863,743	10,625,026
Board Meetings		290,720	98,860
Interview allowances & Evaluation fees		218,000	-
Bank Charges		117,119	129,084
Advertising		-	227,592
Electricity & Water		-	58,844
		<u>16,326,377</u>	<u>18,547,024</u>
Total Expense		<u>61,793,127</u>	<u>60,814,740</u>
Surplus funds for the year		<u>5,351,602</u>	<u>3,862,280</u>