

CATHOLIC DIOCESE OF KITUI

DEVELOPMENT OFFICE - MAIN ACCOUNT

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER, 2016

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER, 2016**

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**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
CORPORATE INFORMATION
31 DECEMBER, 2016**

Management Board Members

- 1 Rt. Rev. Anthony Muheria- Bishop
Catholic Diocese of Kitui
- 2 Very. Rev.Fr. Joseph Mwangela - 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 2016

The Management Board presents their report and the audited financial statements for the year ended 31 December 2016.

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 7

4. BOARD OF MANAGEMENT

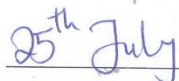
The Members of the Board of Management who served during the year are shown on page 2.

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

 2017

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF MANAGERMENTS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Board of Management to prepare financial statements for each year ,that give a true and fair view of the financial position of the organization as at the end of the financial year and of its operating results for the year. It also requires the Board of Management to ensure that the organization keeps proper accounting records that are sufficient to show and explain the transactions of the project and disclose, with reasonable accuracy,the financial position of the organization.The Board is also responsible for safeguarding the assets of the organization,and for taking reasonable steps for prevention and detection of fraud and other.

The Management accepts responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) . They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances

Having made an assessment of the organization's ability to continue as a going concern,the Board of Management is not aware of any material uncertainties related to events or conditions that may cast doubt upon the organization's ability to continue as a going concern.

The Board of Management acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Management on*26th July*.....2017 and signed on its behalf by

Vicar General 2 / Financial Administrator



Caritas Director



M&A
Mulila & Associates
Certified Public Accountants

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

Opinion

We have audited the accompanying financial statements of Development Office -Main Account, set out on pages 7 to 22, which comprise the Statement of Financial position as at 31st December 2016, the profit and loss account and statements of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the organization as at 31st December 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for our 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 organization 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 board of Management is 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

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.

Board of Managements' responsibility for the financial statements

The board of management 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 Standard and for such internal control as the board determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the organizational'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 board of management either intend to liquidate the organization 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 skepticism 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 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 organization'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 organization 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.

Report on other legal requirements

As required 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 organization, so far as appears from our examination of those books;
- iii. the company's balance sheet and profit and loss account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Anthony M Mulila, Practicing Certificate No. 1897

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

28/09/2017

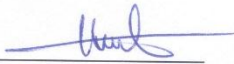
**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

Revenue	Notes	2016 Kshs	2015 Kshs
Grants & Interest	20.	<u>53,210,643</u>	<u>67,144,728</u>
Direct Expenses	20.	820,504	5,442,453
Staff Costs	20.	40,459,919	38,899,747
Depreciation	5	1,936,462	1,124,550
Administrative Expenses	20.	<u>18,189,595</u>	<u>16,326,377</u>
Total Expense		<u>61,406,479</u>	<u>61,793,127</u>
Surplus funds for the year		<u><u>(8,195,837)</u></u>	<u><u>5,351,601</u></u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016**

ASSETS	Note	2016 KShs	2015 KShs
Non-current Assets			
Property, Plant and Equipment	5	<u>19,140,498</u>	<u>17,448,959</u>
Current Assets			
Bank balance	7	7,286,479	13,658,851
Receivables	6	<u>16,441,258</u>	<u>18,320,091</u>
		<u>23,727,737</u>	<u>31,978,942</u>
Total Assets		<u><u>42,868,235</u></u>	<u><u>49,427,901</u></u>
RESERVES AND LIABILITIES			
Funds and Reserves			
Accumulated Funds		35,995,008	44,190,591
Project Funds	9	<u>2,709,231</u>	<u>1,958,566</u>
		<u>38,704,239</u>	<u>46,149,157</u>
Current Liabilities			
Payables	12	1,595,543	1,082,651
Women Groups	10	2,098,052	2,196,093
Bank Overdraft	8	<u>470,401</u>	<u>-</u>
		<u>4,163,996</u>	<u>3,278,744</u>
Total Funds, Reserves and Liabilities		<u><u>42,868,235</u></u>	<u><u>49,427,901</u></u>

The financial statements on pages 7 to 22 were authorised for issue by the Board of Management on 26th July.....2017 and were signed on its behalf by :-



Vicar General 2 / Financial Administrator



Caritas Director

CATHOLIC DIOCESE OF KITUI
 DEVELOPMENT OFFICE - MAIN ACCOUNT
 STATEMENT OF CHANGES IN FUNDS AND RESERVES
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Accumulated Fund Kshs	Total Kshs
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>
Year Ended 31 December 2016			
As at 1 January 2016		44,190,591	44,190,591
Prior year adjustment		254	254
Surplus for the Year	20	<u>(8,195,837)</u>	<u>(8,195,837)</u>
As at 31 December 2016		<u><u>35,995,008</u></u>	<u><u>35,995,008</u></u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 Kshs	2015 Kshs
Cash generated from Operations			
Surplus for the year	20	(8,195,837)	5,351,602
Adjustments for:			
Prior year adjustment		254	504,885
Depreciation on property, plant and equipment	5	<u>1,936,462</u>	<u>1,124,550</u>
Operating surplus before working capital changes		(6,259,120)	6,981,038
Working capital changes			
Decrease / (increase) in receivables		1,878,831	2,435,302
(Decrease) / Increase in payables		512,892	(1,427,549)
(Decrease) in project funds		750,665	(8,144,574)
Increase / (Decrease) in Women groups deposits		<u>(98,041)</u>	<u>232,047</u>
Net cash generated / (utilised) from operating activities		(3,214,773)	76,264
Investing Activities			
Purchase of fixed assets	5	<u>(3,628,000)</u>	<u>(33,490)</u>
Net increase / (decrease) in cash and cash equivalents		(6,842,773)	42,775
Cash and cash equivalents at 1st January		<u>13,658,851</u>	<u>13,616,076</u>
Cash and cash equivalents at 31st December		<u><u>6,816,078</u></u>	<u><u>13,658,851</u></u>

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

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

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

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 IABS) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2009.

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 2016**

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 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:

	<u>Rate - %</u>
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 exit 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 2016**

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 2016**

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 2016

5. PROPERTY, PLANT AND EQUIPMENT SCHEDULE

(a) PROPERTY PLANT AND EQUIPMENT SCHEDULE 2016

	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 2016	5,588,255	9,420,033	2,043,800	257,076	3,144,509	20,453,673
Additions	-	-	3,546,500	-	81,500	3,628,000
Write off	-	-	(339,600)	-	-	(339,600)
As at 31 December 2015	5,588,255	9,420,033	5,250,700	257,076	3,226,009	23,742,073
DEPRECIATION						
As at 1 January 2016	-	725,629	679,200	90,600	1,509,285	3,004,713
Charge on Write off	-	-	(339,600)	-	-	(339,600)
Charge for the year	-	188,401	1,312,675	32,135	403,251	1,936,462
As at 31 December 2016	-	914,029	1,652,275	122,734	1,912,536	4,601,575
NET BOOK VALUE						
As at 31 December 2016	5,588,255	8,506,004	3,598,425	134,341	1,313,473	19,140,498
As at 31 December 2016	5,588,255	8,694,404	1,364,600	166,476	1,635,224	17,448,959

(b) PROPERTY PLANT AND EQUIPMENT SCHEDULE 2015

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
Write 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 Write off	-	-	(2,350,000)	-	-	(2,350,000)
Charge for the year	-	188,401	510,950	32,135	393,064	1,124,549
As at 31 December 2015	-	725,629	679,200	90,600	1,509,285	3,004,713
NET BOOK VALUE						
As at 31 December 2015	5,588,255	8,694,404	1,364,600	166,476	1,635,224	17,448,960
As at 31 December 2014	5,588,255	8,882,804	1,875,550	198,610	1,994,798	18,540,017

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

		2016	2015
	Note	Kshs	Kshs
6. TRADE & OTHER RECEIVABLES			
List of Receivables as per page 22		<u>16,441,258</u>	<u>18,320,091</u>
7. BANK BALANCES			
National bank of Kenya		-	639,662
Kenya commercial bank		7,228,304	10,964,357
Co-operative Bank		58,175	54,832
Fixed deposit		-	2,000,000
		<u>7,286,479</u>	<u>13,658,851</u>
8. BANK OVERDRAFT			
National bank of Kenya		<u>470,401</u>	<u>-</u>
9. PROJECT FUNDS			
Women Co-operative fund		890,662	890,662
Other projects fund balances	11	698,419	88,403
Lenten Campaign 2014		425,056	326,970
Caritas Germany Emergency Project		65,433	(40,251)
Food & Agriculture Organisation		692,782	692,782
UKAM		(42,000)	-
Branding of Projects		(24,560)	-
Amkeni Kenya		3,440	-
		<u>2,709,231</u>	<u>1,958,566</u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 Kshs	2015 Kshs
10. Fixed Deposits - Women Groups		
Mutune	120,000	225,799
Boma	200,000	200,000
Muthale	120,000	132,517
Mwingi	137,522	183,885
Miambani	200,000	200,000
Migwani	139,440	153,985
Zombe	-	(1,000)
Nguni	55,352	52,556
Kanyangi	200,000	184,132
Ikanga	200,000	174,579
Kavisuni	125,738	119,837
Mutito	200,000	169,803
Kabati	200,000	200,000
Nguutani	200,000	200,000
	<u>2,098,052</u>	<u>2,196,093</u>
11. Other Project Funds		
FRB Project	(981,101)	(981,101)
Kenya Land Alliance	2,750	145,650
K- Sales Project	-	(752,463)
Non Food Item	55,285	54,832
Faoke	1,602,735	1,602,735
Catholic Women Association	12,950	12,950
AIDS Programme	5,800	5,800
	<u>698,419</u>	<u>88,403</u>
12. PAYABLES		
General Creditors	530,644	499,268
Capital A/C Fuel & Non Fuel	158,998	-
Audit fees	322,132	292,589
Audit fees Projects	-	260,524
Accruals	30,000	30,000
PAYE	553,769	-
	<u>1,595,543</u>	<u>1,082,381</u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. 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.

14. 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 independently 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.

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 2016

	2016 Kshs	2015 Kshs
15. TELEPHONE, FAXES, E-MAIL & POSTAGE		
Telephone	471,700	589,319
E-mail	279,100	289,500
Postage	<u>38,770</u>	<u>22,280</u>
	<u>789,570</u>	<u>901,099</u>
16. PROFESSIONAL FEES		
Audit fees	325,582	292,860
Audit fees - Projects	157,870	260,524
Consultancy fees	94,000	287,800
Legal fees	<u>-</u>	<u>3,000</u>
	<u>577,452</u>	<u>844,183</u>
17. WORKSHOP EXPENSES		
Meals & Accommodation	416,210	1,975,950
Transport	275,491	2,474,204
Facilitation	11,200	135,000
Other workshop expenses	<u>96,681</u>	<u>602,175</u>
	<u>799,582</u>	<u>5,187,329</u>
18. PROJECT EXPENSES		
Loading & off-loading	4,322	255,124
Construction expenses	<u>16,600</u>	<u>-</u>
	<u>20,922</u>	<u>255,124</u>
19. MOTOR VEHICLE RUNNING EXPENSES		
Motor vehicles fuel and repairs	4,274,285	5,962,125
Motorbikes fuel and repairs	1,967,409	1,385,236
Purchase Motorbikes/Bike Ridding	266,400	893,000
Vehicle Hire	<u>2,879,555</u>	<u>623,382</u>
	<u>9,387,649</u>	<u>8,863,742</u>

**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

20. DETAILED PROFIT AND LOSS ACCOUNT

Notes	2016 Kshs	2015 Kshs
REVENUE		
	21,824,566	39,362,239
	26,840,533	22,202,914
	381,615	636,959
	3,199,128	2,502,616
	324,800	1,330,000
	550,000	1,100,000
	90,000	10,000
	<u>53,210,643</u>	<u>67,144,728</u>
Direct Expenses		
17.	799,582	5,187,329
18.	20,922	255,124
	<u>820,504</u>	<u>5,442,453</u>
Staff Costs		
	38,603,928	36,274,844
	1,420,079	1,579,057
	435,912	1,045,846
	<u>40,459,919</u>	<u>38,899,747</u>
Depreciation		
5	<u>1,936,462</u>	<u>1,124,550</u>
Administrative Expenses		
	5,049,927	2,338,623
	570,055	1,030,558
15.	789,570	901,099
	747,734	880,446
16.	577,452	844,184
	416,000	735,885
	101,000	106,000
	9,387,649	8,863,742
19.	223,255	290,720
	63,700	218,000
	107,036	117,119
	156,217	-
	<u>18,189,595</u>	<u>16,326,377</u>
	<u>61,406,479</u>	<u>61,793,127</u>
	<u>(8,195,837)</u>	<u>5,351,602</u>
	<u><u>61,406,479</u></u>	<u><u>61,793,127</u></u>
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**CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
TRADE RECEIVABLES**

FOR THE YEAR ENDED 31 DECEMBER 2016

APPENDIX 1

Figures in Kshs

1 A. RECEIVABLES

	2016	2015
Finance Office	4,364,605	4,381,605
Goat & sheep project	2,469,178	2,469,178
Mutomo Hospital	1,888,857	-
Muthale Hospital	1,243,030	-
Provident Fund Recovery	949,572	4,508,346
CDOK-IFSP	585,000	-
MISERIOR	540,932	-
Riverside service Station - Capital Fuel A/C	522,846	522,846
K-SALES	499,142	-
Community Education	419,942	-
THE BROOKE EAST AFRICA	337,117	-
MATCH FUND 3	314,666	-
UKAM	307,068	-
Mutomo Hospital	304,273	-
Thome Bookshop	250,000	250,000
Holy Family Primary School	199,978	-
Kitui Polytechnic	160,086	-
St.Michael Primary School	120,720	-
Conference	114,813	-
St.Joseph's Seminary	107,550	-
Kitui Pastoral Centre	100,000	100,000
Medical Office	89,833	-
Special Needs		80,000
Finance	76,328	-
St.Gabriel Primary School	75,881	-
Diocesan Education	68,740	-
Aphia Plus Kamili	55,451	-
Finance Office	53,826	-
John Paul 2	41,390	-
St.Michael Primary School	27,241	-
Carbon Project	25,307	-
St.Joseph's Seminary	18,473	-
Balance Carried Forward	<u>16,331,845</u>	<u>12,311,975</u>

CATHOLIC DIOCESE OF KITUI
DEVELOPMENT OFFICE - MAIN ACCOUNT
TRADE RECEIVABLES

FOR THE YEAR ENDED 31 DECEMBER 2016

APPENDIX 2

Figures in Kshs

	2016	2015
1 A. RECEIVABLES		
Sub-total Brought Forward	16,331,845	12,311,975
St.John Paul II	17,796	-
Bishops Office	13,797	-
Thome Bookshop	13,797	-
Kavisuni Dispensary	10,083	-
Bishops Office	9,585	-
Amaranth Project	9,278	-
St.Gabriel Primary School	9,000	-
Amaranth Project	6,898	-
Kitui Pastoral centre	6,898	-
Conference	6,653	-
Mutito Dispensary	3,642	-
Kitui Pastoral Centre	2,953	-
Thome Bookshop	1,236	-
Marian Pre-School	1,119	-
Secretariat Services	278	-
Irene Kalenga	(3,600)	-
Water Alc	-	500,000
General Debtors	-	2,216,566
Thome wa Aklisto Community	-	300,000
Cafod & FRB	-	81,318
Brooke	-	359,694
Consolidated PAYE	-	1,699,584
Fixed Deposit Accrual	-	55,000
Mave	-	372,555
Irene Kalenga	-	202,881
ARP	-	19,500
Warehouse	-	(3,632)
Florence Ndeti	-	5,200
Dancan Mwanthi	-	3,900
Mary Mutunga	-	(2,350)
Rose Kavita	-	134,050
David Matuku	-	35,600
Antony Rono	-	28,250
	16,441,258	18,320,091