

CARITAS KITUI  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017



AUGUST 2018

*CARITAS KITUI*  
*ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED 31 DECEMBER 2017*

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**CARITAS KITUI**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**ORGANISATION INFORMATION**

- 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 Kiusva
  - 16 Mr. Joseph Kamau - Caritas Director

**PRINCIPAL PLACE OF BUSINESS**      Development Office Headquarters  
The Catholic Diocese of Kitui  
Kitui County  
P O Box 300 - 90200  
Kitui

**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

**INDEPENDENT AUDITORS**            : James & Company Associates  
Certified Public Accountants (K)  
14th Floor, Development House,  
Moi Avenue  
P. O. Box 35358  
00100 GPO,  
Nairobi - Kenya  
Telephone: +254 720018106  
Cell: 0720-746179  
Email: [james@jamesandcompany.co.ke](mailto:james@jamesandcompany.co.ke)  
[Website : www.jamesandcompany.co.ke](http://www.jamesandcompany.co.ke)

## MANAGEMENTS' REPORT

The management submit their report and the audited financial statements for the year ended 31 December 2017, which shows the state of the organisation's affairs.

### 1. PRINCIPAL ACTIVITIES

The principal activity of the Kitui Diocese 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 and other donors for the purpose of enhancing food security to marginalised communities.

### 2 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.

### 3. RESULTS

The results for the year are set out on page 5.

### 4. MANAGEMENT

The management and executive Committee who served during the year are shown on page 1.

### 5. INDEPENDENT AUDITOR

The organisation's auditor, James & Company Associates CPA (K) who were appointed during the year, have indicated willingness to continue in office.

### BY ORDER OF THE MANAGEMENT

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
2018

**STATEMENT OF MANAGERMENTS' RESPONSIBILITIES**

It is the responsibility of the management to prepare financial statements which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the operating results for that year. It is also the managements responsibility to ensure that the organisation maintains proper accounting records which disclose with reasonable accuracy the financial position of the organisation. The management is also responsible for safeguarding the assets of the organisation.

The management accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years, and in conformity with International Financial Reporting Standards. The management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation as at 31 December 2016 and of its operating results for the year then ended. The management further confirm the accuracy and completeness of accounting records maintained by the organisation 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 management to indicate that the organisation will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the management on .....29.12.17..... 2018 and signed on its behalf by:



**Chairman**



**Financial Administrator**

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MANAGEMENT OF CARITAS KITUI  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Report on the financial statements**

We have audited the accompanying financial statements of Caritas Kitui, set out on pages 5 to 16 which comprise the Statement of Financial Position as at 31 December 2017 and the Statement of Comprehensive Income and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management responsibility on the financial statements**

The members of management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Trustees Act; and for such internal control as members determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or 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 judgment, including the assessment of risks of material misstatement of 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 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 opinion.

**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Catholic Diocese of Kitui as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

As required by other legislations we report to you, based on our audit that

- i) we obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- ii) in our opinion proper books of account have been kept by the organisation, so far as appears from our examination of those books and that
- iii) the organisations's Statement of financial position (balance sheet) and income and expenditure account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA James Andako Otieno CISA, CFE - P/NO

  
James & Company Associates  
Certified Public Accountants (K)  
Nairobi

**JAMES & COMPANY ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS (KENYA)  
P. O. Box 35358 - 00100, NAIROBI  
Tel: 0720 018 108  
Email: info@jamesandcompany.co.ke  
Date: 30/10/18 Sign: [Signature]

30/10/2018



**CARITAS KITUI  
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**INCOME AND EXPENDITURE ACCOUNT**

<b>INCOME</b>	<b>Notes</b>	<b>2017 Kshs</b>	<b>2016 Kshs</b>
Grants from donors	2a, 2b	236,443,074	97,705,570
Fees and other Charges	2a	7,378,800	5,756,059
other incomes	2a, 2b	426,414	
<b>TOTAL INCOME</b>		<b>244,248,288</b>	<b>103,461,629</b>
<b>EXPENDITURE</b>			
<b>PROGRAMME DIRECT EXPENSES</b>			
Direct expenses and programme	2a, 2b	100,761,488	85,059,827
<b>TOTAL PROGRAMME DIRECT EXPENSE</b>		<b>100,761,488</b>	<b>85,059,827</b>
<b>ADMINISTRATIVE EXPENSES</b>			
Salaries and Wages	2a, 2b	69,869,728	21,537,940
Audit Expenses	2a	1,004,234	166,652
Depreciation	2a	108,500	100,000
Other Administrative expenses	2a	26,910,988	1,033,294
<b>TOTAL ADMINSTRATIVE EXPENSES</b>		<b>97,893,450</b>	<b>22,837,886</b>
<b>FINANCIAL EXPENSES</b>			
Bank charges	2a	102,218	14,240
<b>TOTAL FINANCIAL EXPENSES</b>		<b>102,218</b>	<b>14,240</b>
<b>TOTAL EXPENDITURE</b>		<b>198,757,156</b>	<b>107,911,953</b>
<b>SURPLUS</b>		<b>45,491,132</b>	<b>(4,450,324)</b>

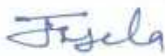
**CARITAS KITUI  
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**


**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Notes</b>	<b>2017 Kshs</b>	<b>2016 Kshs</b>
<b>NON CURRENT ASSETS</b>	3	<u>18,009,776</u>	<u>19,140,498</u>
<b>CURRENT ASSETS</b>	3		
Trade receivables/Debtors		35,629,746	19,234,924
Bank Balance		<u>57,752,799</u>	<u>15,222,974</u>
<b>TOTAL CURRENT ASSETS</b>		<u>93,382,545</u>	<u>34,457,898</u>
<b>CURRENT LIABILITIES</b>	3		
Trade payables/Creditors		18,292,527	8,542,317
bank overdraft			470,401
<b>TOTAL CURRENT LIABILITIES</b>		<u>18,292,527</u>	<u>9,012,718</u>
<b>NET CURRENT ASSETS</b>		<u>75,090,018</u>	<u>25,445,180</u>
<b>NET ASSETS</b>		<u>93,099,794</u>	<u>44,585,678</u>
<b>FINANCED BY</b>			
Accumulated funds	3	<u>93,099,794</u>	<u>44,585,678</u>
<b>TOTAL FUNDS AND LONGTERM LIABILITIES</b>		<u>93,099,794</u>	<u>44,585,678</u>

The financial statements on pages 5 to 16 were authorised for issue by the management

.....<sup>29/12/17</sup>..... 2018 and were signed on its behalf by:

  
\_\_\_\_\_ Chairman

  
\_\_\_\_\_ Financial Administrator





CARITAS KITUI  
 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2017  
**CASHFLOW STATEMENT**

	NOTES	2017 KSHS	2016 KSHS
Surplus for the year			
<b>ADJUSTMENTS FOR:</b>			
<b>Items not involving Movement of Cash</b>			
Depreciation	2		
<b>Operating Profit before working Capital changes</b>		0	0.00
<b>INCREASE / DECREASE IN WORKING CAPITAL</b>			
(Increase)/decrease in inventory	3	0	1,302,000.00
(Increase)/decrease in receivables		(16,394,822)	1,317,360.00
Increase/(Decrease) in payables and overdraft		9,279,809	3,249,988.00
<b>Cash generated from Operations</b>		<u>(7,115,013)</u>	<u>5,869,348.00</u>
<b>CASHFLOW FROM INVESTING ACTIVITIES:</b>			
Assets Acquisition	3	0	(838,000.00)
		<u>0</u>	
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Increase/(decrease) in reserves		48,514,116	-10,838,870
<b>Net cash from financing activities</b>		<u>48,514,116</u>	<u>-10,838,870</u>
<b>Net changes in cash and cash equivalents</b>		41,399,103	(5,808,527.00)
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS:</b>			
Cash and bank balance at the beginning of the year		21,031,501.00	176,685,634.00
<b>Cash and bank balance at the end of the year</b>	3	<u>15,222,974.00</u>	<u>21,031,501.00</u>
		57,752,799.44	16,222,974
		57,752,799.44	

CARITAS KITUI  
 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2017

CASHFLOW STATEMENT

	NOTES	2017 KSHS	2016 KSHS
Surplus for the year			
<b>ADJUSTMENTS FOR:</b>			
<b>Items not Involving Movement of Cash</b>			
Depreciation	2		0.00
<b>Operating Profit before working Capital changes</b>		0	0.00
<b>INCREASE / DECREASE IN WORKING CAPITAL</b>			
(Increase)/decrease in Inventory	3	0	1,302,000.00
(Increase)/decrease in receivables		(16,394,822)	1,317,360.00
Increase/(Decrease) in payables and overdraft		9,279,809	3,349,988.00
<b>Cash generated from Operations</b>		<b>(7,115,013)</b>	<b>5,869,348.00</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES:</b>			
Assets Acquisition	3	0	(839,005.00)
		0	
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Increase/(decrease) in reserves		48,514,116	-10,838,870
<b>Net cash from financing activities</b>		<b>48,514,116</b>	<b>-10,838,870</b>
<b>Net changes in cash and cash equivalents</b>		<b>41,399,103</b>	<b>(5,808,527.00)</b>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS:</b>			
Cash and bank balance at the beginning of the year		21,031,501.00	176,055,634.00
<b>Cash and bank balance at the end of the year</b>	3	<b>15,222,974.00</b>	<b>21,031,501.00</b>
		67,752,799.44	15,222,974
		67,752,799.44	

**CARITAS KITUI**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**  
**STATEMENT OF CHANGES IN EQUITY**

	Note	Accumulated Reserves Kshs	Total Kshs
Year ended 2017			
As at 1st Jan 2017		44,585,676	44,585,676
Adjustments in reserves		48,514,116	48,514,116
Surplus for the year		-	-
Changes in loans		-	-
<b>As at 31st December 2017</b>		<b>93,099,794.08</b>	<b>93,099,794</b>

**Notes to the financial statements**

**1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied over the years presented unless otherwise stated.

**a) Basis of preparation**

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings, rounded to the nearest euro. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The financial statements comprise a statement of comprehensive income, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of comprehensive income. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of comprehensive income as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive

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 judgment in the process of applying the accounting policies adopted by the organization. Although such estimates and assumptions are based on the management's best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made.

**CARITAS KITUI  
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Notes to the financial statements (contd)

**1 Summary of significant accounting policies (continued)**

**b) Income**

Income comprises grants received from various donors, fees charged in institutions like schools and hospitals and interest received from investment in short term bank deposits and other income. Grants are recognised as income when related expense has been

**c) Expenditure**

Project activities/partner support expenditure is charged to the income and expenditure account in the year in which they are approved. Project funds approved but not disbursed at the date of this report are carried forward as project creditors in the

All other expenditure is recognised on accrual basis.

**d) Property and equipment**

Property and equipment are stated at cost less capital grants used in financing the purchase of the related asset.

Property and equipment are expensed on acquisition for donor funded projects. However other assets are capitalised and depreciated in line with depreciation rates on reducing balance. An assets register is maintained that captures details of all assets whether subject to depreciation or not.

Any disposal proceeds on sale of property and equipment are shown in income and expenditure and relevant accumulated depreciation netted in order to determine gain on disposal

**e) Translation of foreign currencies**

Transactions in currencies other than Kenya shillings are converted into Kenya Shillings the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in 'foreign currencies are retranslated at the rates prevailing at that date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.



Notes to the financial statements (contd)

**1 Summary of significant accounting policies (continued)**

**f) Financial instruments**

Financial assets and financial liabilities are recognised when the diocese becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

- Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all the organization's financial assets.

The organization's financial assets which includes cash and bank balances, due from related parties and sundry debtors fall into the following category:

- Available-for-sale: financial assets that are held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. Such assets are classified as non-current assets except where the management intends to dispose the assets within 12 months of the date of this report. Subsequent to initial recognition,

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the income and expenditure account under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

Subsequent recoveries of amounts previously written off/impaired are credited to the income and expenditure account in the year in which they occur.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in equity, the gains/losses are recognised in the reserve, where the fair values were initially recognised. Any resultant surplus/deficit after the transfer of the gains/losses are transferred to retained earnings.

**Notes to the financial statements (contd)**

**1 Summary of significant accounting policies (continued)**

**f) Financial instruments (continued)**

- Financial liabilities

The organization's financial liabilities falls in the following categories

**Other financial liabilities:** These are initially measured at fair value and subsequently

measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption

value is recognised as interest expense in profit or loss under finance costs.

All financial liabilities are classified as current liabilities unless the organization has an unconditional right to defer settlement of the liability for at least 12 months after the date of the report.

Financial liabilities are derecognised when, and only when, the organization's obligations are discharged, cancelled or expired.

- **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**g) Retirement benefits costs**

**h) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

**Notes to the financial statements (contd)**

**1 Summary of significant accounting policies (continued)**

**i) Accounting for leases**

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

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 Note 2a Detailed Income and expenditure 1

	Water sales project Kshs	Catof funded Match fund project Kshs	IWAP-CRS Kshs	Haki Madini Kshs	Brooke East Africa funded Project Kshs	TOTAL Kshs
<b>INCOME</b>						
Grants from donors						
Fees and other Charges	7,378,800	37,999,258	4,061,893	8,039,326	18,534,844	68,635,320.90
Other incomes	42,058			4,804		7,378,800.00
<b>TOTAL INCOME</b>	<b>7,420,858</b>	<b>37,999,258</b>	<b>4,061,893</b>	<b>8,044,129</b>	<b>18,534,844</b>	<b>76,060,981.93</b>
<b>EXPENDITURE PROGRAMME DIRECT EXPENSES</b>						
Direct Expenses	1,995,410	24,342,133	3,715,273	4,320,467	16,180,232	50,553,515.40
<b>TOTAL PROGRAMME DIRECT EXPENSE</b>	<b>1,995,410</b>	<b>24,342,133</b>	<b>3,715,273</b>	<b>4,320,467</b>	<b>16,180,232</b>	<b>50,553,515.40</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Audit Expenses	43,900	51,016				94,916.20
Advertisement						0.00
Electricity and water						0.00
Donations						0.00
Power and Fuel						0.00
Security						0.00
Repairs and maintenance						0.00
Vehicle expenses		425,607				425,607.00
Stationery and Printing		277,514				277,514.00
Subsistence Allowance						0.00
Telephone Expenses						0.00
General Office Expenses	2668295	35,190	240,908	1,121,120		4,255,513.00
Traveling Expenses - incl Foreign						0.00
Workshop/Conference Expenses						0.00

Depreciation	108,500					108,500.00
Staff Costs		4,600,142	401,286	1,482,000	3,601,318.00	10,084,746.00
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>3,010,695</b>	<b>5,389,469</b>	<b>642,194</b>	<b>2,603,120</b>	<b>3,601,318</b>	<b>15,246,796.20</b>
<b>FINANCIAL EXPENSES</b>						
Bank charges	16,601			1,360		0.00
Loan Interest		3,250				21,200.61
Insurance						0.00
<b>TOTAL FINANCIAL EXPENSES</b>	<b>16,601</b>	<b>3,250</b>	<b>-</b>	<b>1,360</b>	<b>-</b>	<b>21,200.61</b>
<b>TOTAL EXPENDITURE SURPLUS</b>	<b>5,022,706</b>	<b>29,734,852</b>	<b>4,357,467</b>	<b>6,924,937</b>	<b>19,781,550</b>	<b>85,821,512</b>
	<b>2,398,152</b>	<b>8,264,406</b>	<b>(295,574)</b>	<b>1,119,192</b>	<b>(1,246,706)</b>	<b>10,239,470</b>





