SAMBURU AID IN AFRICA

P O BOX 741 – 10400
NANYUKI KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ending 31st December 2016

Muriithi Kingori & Associates,
Certified Public Accountants (K),
P.O Box 1494 – 10400 Nanyuki,
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SAMBURU AID IN AFRICA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST DECEMBER 2016

Contents

DIRECTOR'S REPORT FOR YEAR ENDED 31ST DECEMBER 2016

The directors submit their report together with the audited financial statements for the year ended 31st December 2016, which show the state of the Organization's affairs.

1. **PRINCIPAL ACTIVITIES**
   The organizations main objective of the organization shall be to promote improved livelihood among pastoral communities in Samburu County
2. **RESULTS FOR THE YEAR**
   The results for the year are as set out on pages 6-14
3. **BOARD OF DIRECTORS**

   Members of the board of directors who served during the year were

Sammy Lenyanyukie	Chairman
Maryanne Ropian	Secretary
Jane Kiama	Ag/Director/Treasurer
Dr Kate Macintyre	Committee member/chair SAIDIA USA
Gregory Lesikel	Committee member
Peter Lemoosa	Committee member
Maryanne Fitzgerald	Committee member
Fozia Mohamed	Committee member
Mary lengewa	Committee member
Francesca Wambui Lentukunye	Committee member
Merideth Preston	Committee member
Slyvana Ndarama	Committee member
Ivo Philipps	Committee member/treasurer SAIDIA UK
Sammy Lekula	Committee member
Joan Pitman	Committee member

4. **BANKERS**
   Standard Chartered Bank of Kenya Ltd – Nanyuki Branch
5. **AUDITORS**
   Muriithi Kingori & Associates have expressed their willingness to continue in office in accordance with the provisions of the Non-Governmental Organization's Coordination Act.

By order of board

Chairman

May 29, 2017

Statement of Directors Responsibility

The Non Governmental Organizations Coordination Act requires the board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the organization as at the end of the financial year and of its income & expenditure for that year. It is also requires the directors to ensure the organization keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the organization. They are also responsible for safeguarding the assets of the Organization.

The directors accept responsibility for the annual statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the requirements of the Non Governmental Organization's Coordination Act. The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the organization and of its Income & Expenditure. The directors further accept responsibility for the maintenance of accounting records, which 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 directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Organization's financial statements were approved by the Board on May 29, 2017 and signed on its behalf by:

LENANYOKIE SAMMY

- Chairman

Report of the Independent Auditors

TO SAMBURU AID IN AFRICA

We have audited the accounts set out on page 6 to 13, which comprise of the statement of financial position as at 31st December 2016, the statement of comprehensive income, statement of cash flows, and the notes.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE INDEPENDENT AUDITORS.

The Directors are responsible for the preparation of accounts, which show a true and fair view of the operating results of the organization. Our responsibility is to express an independent opinion on the accounts based on our audit and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. We planned and performed our audit so as to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of significant estimates and judgments made by the Director's in the preparation of the accounts and whether the accounting policies are appropriate in the organization's circumstances, consistently applied and adequately disclosed.

OPINION

In our opinion, proper books of accounts have been kept and the accounts are in agreement therewith, give a true and fair view of the Income & expenditures for the years 2016 and of the financial position and cash flows as at 31st December 2016 and comply with the Non Governmental Organizations Coordination Act and the International Financial Reporting Standards.

The engagement partner responsible for the audit resulting in the independent auditor's report is CPA Michael M Kingori P/N 1334

Muriithi Kingori & Associates

Muriithi Kingori & Associates,
Certified Public Accountants (K),
Nanyuki, Kenya.
May 29, 2017

Muriithi Kingori & Associates
Certified Public Accountants (K)
P. O. Box 1494-10400, NANYUKI.
TEL: 0712- 397212
Date: 29/5/2017

SAMBURU AID IN AFRICA

STATEMENT OF FINANCIAL POSITION AS AT 31/12/2016

	Notes	2016 Kshs	2015 Kshs
Non current assets			
Property plant and equipment	2	5,369,563	5,921,287
Current Assets			
Debtors and prepayments		-	-
Cash at bank and in hand		45,673	293,947
Current liabilities			
Accounts payables		188,498	138,498
Net current assets		(142,825)	155,449
		5,226,738	6,076,736
Financed by:			
Capital Account	3	69,626	69,626
Fund account	4	5,157,112	6,007,110
		5,226,738	6,076,736

The accounts set out on pages 6 – 13 were approved by the board and authorized for issue and signed on its behalf at Nanyuki this May 29, 2017

LENANYOKIE SAMMY
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Chairman

....

Treasurer

SAMBURU AID IN AFRICA

STATEMET OF COMPREHENSIVE INCOME FOR 2016

	Notes	*2016* *Kshs*	*2015* *Kshs*
Income		7,033,010	10,468,950
Expenditure			
Salaries and wages		4,306,017	2,789,792
Operating expenses		2,278,917	9,056,281
Administrative expense		1,264,934	1,735,426
Finance expense		33,140	41,390
Surplus/(deficit)		(849,999)	(3,153,939)

SAMBURU AID IN AFRICA

STATEMENT OF CASHFLOWS

	Kshs	*Kshs*
	2016	*2015*
Cashflows from operations	(849,999)	(3,153,939)
Add Depreciation	551,724	636,933
	(298,274)	(2,517,006)
<u>Changes in working capital</u>		
Increase/(decrease) in debtors	-	418,346
Increase/(decrease) in accounts payble	50,000	(118,163)
Net cashflow from operations	(248,274)	(2,098,660)
<u>Cash flow from investing activities</u>		
Purchase of assets	-	(391,300)
Net increase in cashflow	(248,274)	(2,489,960)
Opening cash and cash equivalents	293,947	2,902,070
Net increase in cash and cash equivalents	(248,274)	(2,489,960)
Closing cash and cash equivalents	45,673	293,947

SAMBURU AID IN AFRICA
NOTES

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 to all the years presented, unless otherwise stated.
   1.1. Basis of preparation
   The financial statements have been prepared in accordance with and comply with Standards issued by the International Accounting Standards Board (IASB) of the International Federation of Accountants (IFAC), and interpretations issued by the Standing Interpretations Committee of the IASB. The financial statements have been prepared on the historical cost basis. The currency of accounting is Kenya shillings.
   1.2. Revenue recognition. consists of grants from abroad and proceeds from sales from the demonstration plots
   1.3. Foreign Currency Translations: Transaction in foreign currency are converted into Kenya shillings at rates ruling at the transaction date. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Kenya shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the profit and loss in the year in which they arise.
   1.4. Property, plant and equipment. All property plant and equipment are initially recorded at cost and thereafter state at historical cost less depreciation.
   Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organization and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenances are charged to profit or loss during the financial period in which they are incurred.
   Depreciation has been calculated on the reducing balance method at rates estimated to write off the assets over their estimated useful lives or residual value over its estimated useful live using the following rates.

Furniture & Fittings	10%
Equipment & Tools	10%
Computers & Accessories	30 %
Buildings	5%

   The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.
   The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
   Gains and losses on disposal of property, plant and equipment determined by reference to their carrying amount and are taken into account in determining operating profit/ (loss).
   1.5. Inventories. Inventories are stated at the lower of cost and net realizable value. Cost is determined on direct purchase value and all costs attributable to bringing

the inventory to its current location and condition and is stated on a First In First out basis. Net realizable value is the estimate of the selling price in the ordinary course of business less selling expenses.

1.6. Cash and cash equivalents. For purposes of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

1.7. Financial Instruments

Financial assets

the Organization's financial assets which comprise trade and other receivables and cash and cash equivalents fall into the following categories.

1.7.1. Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 month after the reporting date are classified as non-current assets. Such assets are initially recognized at fair value and subsequently carried at amortized costs using the effective interest method. Changes in the carrying amount are recognized in profit or loss.

Purchases and sales of financial assets are recognized on the trade date i.e the date on which the Organization commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred substantially all risks and rewards of ownership.

The financial asset is impaired if its carrying amount is greater than it estimated recoverable amount. Impairment of financial asset is recognized in profit or loss under administrative expenses when there is objective evidence that the Organization 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 issuers will enter bankruptcy or financial reorganization, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

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 previous impaired are credited to profit or loss in the year in which they occur.

Financial liabilities

The Organization's financial liabilities which include trade and other payables, current tax and borrowings fall in this category.

Financial liabilities measured at amortized costs. These are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings are initially recognized at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any differences

between the proceeds (net of transaction costs) and redemption value is recognized as interest expense in profit or loss under fiancé costs.
All financial liabilities are derecognized 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 legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

1.8. Retirement benefit obligations. The Organization and its employees contribute to the National Social Security Fund (NSSF),a statutory defined contribution scheme registered under the NSSF act. The Organization's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

1.9. Employee entitlements. The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

2.

Property Plant and Equipment Schedule 2016

	Buildings	Motor Vehicles	Office Equipment	Totals
Cost as at 1/1/2016	7,512,605	5,980,766	6,128,616	19,621,987
Additions	-	-	-	-
Disposals	-	-	-	-
	7,512,605	5,980,766	6,128,616	19,621,987
Depreciation				
Accumulated Depreciation	4,308,156	4,782,586	4,609,958	67,999
Depreciation	160,222	239,636	151,866	551,724
	4,468,378	5,022,222	4,761,824	14,252,424
Net Book Value 31/12/2016	3,044,227	958,544	1,366,792	5,369,563
Net Book Value 31/12/2015	3,204,449	1,198,180	1,518,658	5,921,287

3.

Capital Account	2016 Kshs	2015 kshs
As at 1/1/2016 and 31/12/2016	69,626	69,626

4.

	2016 Kshs	2015 kshs
Fund Account	6,007,110	9,161,049
Deficit for the year	(849,999)	(3,153,939)
	5,157,112	6,007,110

5.

Income

	2016 Kshs	*2015 kshs*
APHIA PLUS Imarisha	1,336,982	3,406,931
AMREF/EU	3,091,267	4,806,500
SAIDIA UK	1,222,528	1,676,250
Donations	-	181,369
SAIDIA USA	-	108,500
Leggat Trust	167,235	-
Sale of motor vehicles	1,050,000	-
Educational funds	-	109,400
Miscellaneous	164,998	180,000
	7,033,010	10,468,950

6.

Operating expenses	*2016 Kshs*	*2015 kshs*
Motor vehicle running	561,612	999,558
Telephones postage and stationery	131,837	262,697
Travelling subsistence and accomondation	598,054	1,227,722
Seeds	5,300	-
Economic strenthening livelihood	4,500	-
Rooster chicken	420,000	-
Poutrly medicines/feeds	38,250	-
Protection(legal,child, social)	21,000	
School fees and other expenses	474,464	497,051
Trainings and seminars	23,900	5,889,253
Lesikani primary school	-	180,000
	2,278,917	9,056,281

4.

	2016 Kshs	2015 kshs
Fund Account	6,007,110	9,161,049
Deficit for the year	(849,999)	(3,153,939)
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Trainings and seminars	23,900	5,889,253
Lesikani primary school	-	180,000
	2,278,917	9,056,281

7.

Administrative espenses	*2016* *Kshs*	*2015* *kshs*
VAT	-	12,800
Monitoring and evaluation	5,600	-
Audit fees	150,800	80,000
Registration of births	10,150	-
Office expenses	29,039	101,548
office rent and services	253,850	271,500
Repairs and renewals	80,200	94,140
NGO bureau	2,000	-
Psychosocial care &support	19,300	-
Insurance	10,034	15,074
Medical and staff welfare	10,715	16,085
Depreciation	551,724	636,933
Subscriptions and donations	-	2,000
Electricity and water	141,522	8,500
Professional fees	-	20,000
Uniforms	-	58,500
Bad debts	-	418,346
	1,264,934	1,735,426

8.

	2016 *Kshs*	*2015* *kshs*
Bank charges	33,140	41,390

9 Risk management objectives and polices

Financial risk management

The Organization's activities expose it to a variety of financial risks: market (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Organization's financial performance. Risk management is carried out by management. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads.

9.1Credit risk – Credit risk arises from cash and cash equivalents and trade and other receivables. None of the financial assets that are fully performing has been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration off risk

9.2Liquidity risk- Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding though adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Organization management maintains flexibility in funding by maintaining availability under committed credit lines.

7. The entity is registered as a NGO under the provision of the Non-Governmental Organization's Coordination Act and is domiciled in Kenya.