

REPUBLIC OF KENYA



PARLIAMENTARY OFFICE

REPORT



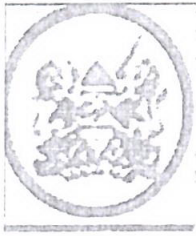
ON

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NON-GOVERNMENTAL ORGANIZATIONS
CO-ORDINATION BOARD

FOR THE YEAR ENDED
30 JUNE 2014



NGOs CO-ORDINATION BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2014

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

(g) Bankers

Co-operative Bank of Kenya Limited
Co-op House Branch
P.O Box 67881 00200
Telephone: 3276279
Nairobi
Kenya

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084 - 00100
GPO
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200
City Square
Nairobi, Kenya

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Incorporation/Establishment

The Non-Governmental Organizations Co-ordination Board simply referred to as the NGOs Coordination Board, was established by an Act of Parliament in 1990 under the provisions of the State Corporations Act, Cap 446 of the Laws of Kenya.

(b) Principal Activities

The principal activities of the NGOs Coordination Board includes but not limited to register, co-ordinate and facilitate the work of all national and international NGOs operating in/from Kenya.

Its mission is *to efficiently and effectively regulate and enable the charitable sector to enhance its role in national development*

(c) Key Management

The NGO Boards day-to-day management is under the Executive Director.

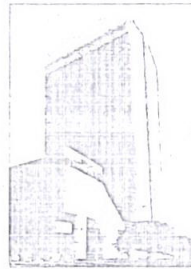
(d) Fiduciary Oversight Arrangements

The Board plays the fiduciary responsibility role which is achieved through the following committees.

1. Finance and Administration Committee
2. Resource Mobilization Committee
3. Audit and Risk Committee
4. Operations and Compliance Committee

(e) Registered Headquarters

Co-operative Bank House 15th floor
HaileSelassie Avenue
P O Box 44617-00100
Nairobi
Kenya



Co-op Bank House 15th floor NGO Board's HQs

(f) Contacts

Telephone 254-02-
E-mail: info @ngobureau.or.ke
Website: www.ngobureau.or.ke

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

(g) Bankers

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II. THE BOARD OF DIRECTORS

1. The Director's name and key profession/academic qualifications	Description of each Director's date of birth, key qualifications and work experience
Joshua Leparashau - Chairman of the Board	Nominated councillor 5 years, Public officer 3 years, Board member KVDA 3 years, Current Chairman -Form 4
Dee Kivuva - Board Member	Community leader & Business man. OPRC Board committee chairman-Form 6
Charles Kipyegon Too - Board Member	-General manager C/forwarding company-7yrs, civil leader 5yrs, CEO clearing & forwarding company 3yrs.,NGOs Board Finance committee chairman 6yrs.- Form 6
Khartra I. Sigat - Board Member	Chairperson MYWW Garisa, Ex-Com member NGO Council, Secretary Garisa county Forum-Diploma
George Obondo - Board Member	Audit Committee chairman ,Business man, CEO
Mary Satisar	Nominated Civil leader 5yrs,Church elder, women leader Transmara, Board member SCEB, Member Sub county lands Board

III. MANAGEMENT TEAM

Name	Area of responsibility
Andrew A. Ogombe	Ag.Chief Executive
Henry Otieno Ochido	Operations' & compliance
Benard N. Bwona	Audit and Risk
David. R. K. Njane	Finance manager
Nixon Sekoh	Corporate affairs
Richard Chesos	Public relations
Josephine W. Ngatia	Human resource
Doris Muthini	Supply Chain management
Juliana A. Otieno	Operations
Jemimah Muraya	Research
Lindon Otieno	Legal affairs
Patrick Macharia	ICT
<i>Note: The Executive Director is the Secretary to the Board</i>	

IV. CHAIRMAN'S STATEMENT

The NGO Board is a Government State Corporation whose mandate is to register and regulate the NGO sector in Kenya. To date, there are over 10,000 registered NGOs in Kenya, operating in virtually all Counties and sector of the economy. It is estimated that NGOs contribute about 100 million shillings to the Kenyan annually. These amounts utilized by NGOs implies that the Government needs to consider the sector seriously through proper facilitation and adequate regulation

In terms of finances, the year 2013/14, was challenging to the NGOs Board. The Exchequer reduced our budget considerably leading to the suspension of key activities. This therefore meant that keys activities were either minimally performed and some left out altogether. To cushion the reduction, the Board sought support from stakeholder's i.e. Banks and Development partners to carry out its activities. Further, the increase in A in A ensured that we were able to meet targets set in our Performance Contracting obligations

The Boards financial policy enabled us to ensure that available funds were utilized for the intended purposes. The Board of Directors are committed in ensuring that there is an enabling environment for NGOs thrive, considering the fact their contribution to national development

Looking forward to a better financial year 2014/15

Joshua Leparshau
CHAIRMAN

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

In order to understand the workings of the NGOs Board, it is important clearly to acknowledge its background. Prior to the enactment of the NGOs Act, NGOs were registered under different legal regimes. This made it difficult to monitor and regulate their activities, thus the creation of the NGOs Act.

Section 7 of the NGOs Act of 1990 defines the functions of the Board as:

- a) To facilitate and co-ordinate the work of all national and international NGOs operating in Kenya.
- b) To maintain the register of National and International NGOs operating in Kenya, with the precise sectors, affiliations and locations of their activities.
- c) To receive and discuss the annual reports of NGOs.
- d) To advise the government on the activities of the NGOs and their role in National Development within Kenya.
- e) To conduct a regular review of the register to determine the consistency with the reports submitted by the NGOs and the Council.
- f) To provide policy guidelines to the NGOs for harmonizing their activities to the National Development Plan for Kenya.
- g) To receive discuss and approve the regular reports of the Council and to advise on strategies for efficient planning and coordination of the activities of NGOs in Kenya
- h) To develop and publish a code of conduct for the regulation of NGOs and their activities in Kenya.
- i) To prescribe rules and procedures for the audit of the accounts of NGOs.

In the financial year 2013/2014, the Board's budget was drastically reduced making it difficult for us to fulfil our obligations to both NGOs and staff. The Board's debt increased substantially and this meant that key activities had to be shelved. The activities included development of the PBO Act, field review visits, Statement of Recommended Accounting and Auditing Practices (SORAAPs), Anti Money Laundering and Rebranding.

In order to address the issue of dwindling support from the Exchequer, the Board is in the process of developing a resource mobilization strategy. Part of the strategy includes acquisition of our own premises and innovative ways of reducing expenditure and expanding service provision.

When the PBO Act 2013 is operationalized the number of organizations under the Board will increase to about 500,000, thus the need for more resources and vigilance.

Thank you



EXECUTIVE DIRECTOR

VI. CORPORATE GOVERNANCE STATEMENT

Since its operationalization in 1992, the NGOs Co-ordination Board is administered by a Board of Directors. The Board reports to the Cabinet Secretary Devolution and Planning

Composition of the Board

1. A Chairman appointed by the President
2. The Executive Director who is the Secretary to the Board and a non-voting member appointed by the Cabinet Secretary in charge of the NGO portfolio
3. Two members appointed by the Minister in charge of the NGO Portfolio
4. Three members seconded by the National Council of NGOs
5. The Attorney General
6. The Permanent Secretary, Ministry of Foreign Affairs
7. The Permanent Secretary, National Treasury

Functions of the Board

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- i) To prescribe rules and procedures for the audit of the accounts of NGOs.

Code of Conduct

The Board of Directors are obligated to follow the State Corporations and Civil Service Codes of Conduct and Rules and Regulations

Meetings

The Boards meets quarterly. However in extra ordinary circumstances, the Board may hold special meetings

Operating Procedures

As per the NGOs Act, the Board may form committees to facilitate its work. The Committees are:

5. Finance and Administration Committee
6. Resource Mobilization Committee
7. Audit and Risk Committee
8. Operations and Compliance Committee

CORPORATE GOVERNANCE STATEMENT CONTINUED

The day to day activities of the Board are undertaken by a Secretariat headed by the Executive Director. The Board has 60 members of staff stationed in the Nairobi and Kisumu offices

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

This Statement is about how NGO Coordination Board takes account of its economic, social and environmental impact in the way it operates as an organization.

By demonstrating our commitment to Corporate Social Responsibility we aim to align our organization values, purpose and Strategy with the needs of our clients, whilst embedding such responsible and ethical principles into everything we do.

The elements of this Statement cover our approach in dealing with our clients, suppliers and the local community principles in an effort to support reducing our energy, procurement, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

Environment

Protection of the environment in which we live and operate is part of NGO Coordination Board values and principles and we consider it to be sound organization practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

This Statement should also be read in conjunction with our Code of Regulations

In this policy statement we commit our organization to:

Complying with all relevant environmental legislation, regulations and approved codes of practice

- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- Managing and disposing of all waste in a responsible manner
- Providing training for our staff so that we all work in accordance with this policy statement and within an environmentally aware culture
- Regularly communicating our environmental performance to our employees and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation
- Monitoring and continuously improving our environmental performance.

The nature of our work as a Board means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the services we provide and endeavour to reduce our environmental impact to an absolute minimum.

The Directors will ensure that the organization reduces the environmental impact on the organization by:

- Using such facilities as web-ex and conference call facilities
- By using vehicles that are regularly serviced and checked with regards to their emission levels and economically use their fuel.
- Ensuring that all lights and equipment are switched off when not required
- Ensuring that water is used efficiently within the offices
- Using scrap paper for drafts and notes
- Printing in mono and double sided wherever possible
 - Recycling all waste (shredding all unwanted documentation)
 - Not printing unnecessary emails
 - Working with like-minded suppliers who take steps to minimize their environmental

CORPORATE SOCIAL RESPONSIBILITY STATEMENT CONTINUED

Impact

- Encouraging NGOs during induction workshops to take steps to minimize their environmental impact

Local Community

The Directors will also ensure that our work with the local community involves:

- Working and supporting local and national charities
- Encouraging volunteer work in community activities
- Undertaking voluntary business advisory services via professional bodies

Clients

The Directors will also ensure that we deal responsibly, openly and fairly with clients and potential clients by:

- Ensuring that all our advertising and documentation about the organization and its activities are clear, informative, legal, decent, honest and truthful
- Being open and honest about our services and telling customers what they want to know, including what we do to be socially responsible
- Ensuring that if something goes wrong we will acknowledge the problem and deal with it
- We will listen to our clients so that this can help us improve the services we offer to them
- Ensuring that we benchmark and evaluate what we do in order to constantly improve our services to our stake holders.

The Directors will also ensure that we deal responsibly, openly and fairly with suppliers by:

- Ensuring that we use Youth and women suppliers as much as possible
- That we will endeavour to pay our suppliers on time.

The operational and ultimate responsibility for the commitment to our corporate social responsibility principles lies with the Directors of NGO Board. Every employee of NGO Coordination Board is expected to give their full co-operation to the above principles in their activities at work.

Consultants or visitors are also expected to apply our environmental principles.

The effectiveness of the Policy Statement will be monitored and reviewed at least annually by the Directors to ensure the organization continuing compliance with any relevant legislation and to meet new stakeholder's requirements and to identify areas in need of improvement. We will also ensure that all areas changes will be brought to the attention of employees as necessary.

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the *entity's* affairs.

Principal activities

The principal activities of the NGOs Coordination Board includes to register, regulate and facilitate the work of all National and International NGOs operating in/from Kenya

Results

The results of the entity for the year ended June 30, 2014 are set out on pages 21 to 25

Directors

The members of the Board of Directors who served during the year are shown on page 4

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



Executive Director
Secretary to the Board
Nairobi

Date: 23/02/2015

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11 of the State Corporations Act, require the Directors to prepare financial statements in respect of the *NGOs Coordination Board*, which give a true and fair view of the state of affairs of the *NGOs Coordination Board* at the end of the financial year and the operating results of the *NGOs Coordination Board* for that year. The Directors are also required to ensure that the *NGOs Coordination Board* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *NGOs Coordination Board*. The Directors are also responsible for safeguarding the assets of the *NGOs Coordination Board*.

The Directors are responsible for the preparation and presentation of the *NGOs Coordination Board's* financial statements, which give a true and fair view of the state of affairs of the *NGOs Coordination Board* for and as at the end of the financial year (period) ended on June 30, 2013. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *NGOs Coordination Board*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *NGOs Coordination Board*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the *NGOs Coordination Board's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the *NGOs Coordination Board's* financial statements give a true and fair view of the state of *NGOs Coordination Board's* transactions during the financial year ended June 30, 2013, and of the *NGOs Coordination Board's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *NGOs Coordination Board*, which have been relied upon in the preparation of the *NGOs Coordination Board's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the *NGOs Coordination Board* 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 *NGOs Coordination Board's* financial statements were approved by the Board on 65th August 2014 and signed on its behalf by:

Board chairman



Executive Director

X. REPORT OF THE INDEPENDENT AUDITORS ON THE NGOS
COORDINATION BOARD

REPUBLIC OF KENYA

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E-Mail: oug@kenya.gov.ke
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P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON NON-GOVERNMENTAL ORGANIZATIONS CO-ORDINATION BOARD FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Non-Governmental Organizations Co-ordination Board as set out on pages 1 to 20, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtain reasonable assurance that 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 risks 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Going Concern

In the year under review, the Board realized a deficit of Kshs.20,300,797 (2013 - Kshs.11,696,179) which resulted to accumulated deficit of Kshs.24,917,862 (2013 - Kshs.4,617,065). Further, the statement of financial position reflects a total current assets balance of Kshs.10,643,183 (2013 - Kshs.8,720,784) while the total current liabilities as at the same date amounted to Kshs.45,004,312 (2013 - Kshs.24,263,597) resulting to a negative working capital of Kshs.34,361,129 (2013 Kshs.15,542,813). The Board was unable to pay employee pension statutory deductions amounting to Kshs.31,766,410 as at 30 June 2014. In view of the foregoing, the Board is therefore technically insolvent and its continued existence as a going concern is dependent upon the support of the Government and its creditors.

2. Misappropriated Funds

In the report for 2012/2013, reference was made to a report for 2008/2009 in which a misappropriation of an income of Kshs.691,700 by the Board's employees was reported. Although the Director of Public Prosecutions has taken up the matter with the Director of Criminal Investigations as per letter Ref.DPP/CONF/G/804 dated 9th September 2014, no progress report has so far been made available for audit review towards the recovery of the lost funds.

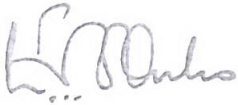
3. Board Expenses

As indicated under Note 5 to the financial statements, the Board spent a total of Kshs.13, 070,720 against a budget of Kshs.11, 064,320, resulting in an overall over-expenditure of Kshs.2,006,400 or 18%. The expenditure on Board Expenses includes an amount of Kshs.614,000 paid to staff as allowances and honoraria contrary to the provisions of Section 10(1) of the State Corporation's Act, (Cap 466) which requires that only the chairman and Board Members can be paid allowances. Further no documentary evidence has been provided to show that the Board sought and obtained approval from the parent Ministry and Treasury as required by Section 12 of the State Corporation's Act, (Cap 466) in case of excess expenditure of State Corporations.

Qualified Opinion

In my opinion, except for the effect, of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public

Sector Accounting Standards and comply with the Non-Governmental Organizations
Co-ordination Act, 1990.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

9 March 2015

NGO COORDINATION BOARD
 STATEMENT OF FINANCIAL POSITION
 As at 30 June 2014

	Notes	2014 Kshs	2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	10	927,355	1,066,328
Receivables from exchange transactions	11	8,924,850	6,900,481
Receivables from non-exchange transactions	12	378,166	422,541
Inventories	13	412,812	331,434
Total current assets		10,643,183	8,720,784
Non-current assets			
Property, plant and equipment	14	9,761,207	11,379,950
Total non current assets		9,761,207	11,379,950
Total assets		20,404,390	20,100,734
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	45,004,312	24,263,597
Total current liabilities		45,004,312	24,263,597
Total liabilities		45,004,312	24,263,597
Net assets		(24,599,922)	(4,162,864)
Reserves		317,940	454,202
Accumulated Deficit		(24,917,862)	(4,617,065)
Minority interest		-	-
Total net assets and liabilities		(49,199,845)	(8,325,727)

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

Executive Director



Date.....

23/02/2015

Chairman of the Board

Date.....

NGO COORDINATION BOARD
 STATEMENT OF FINANCIAL PERFORMANCE
 For the year ended 30 June 2014

	Notes	2014 Kshs	2013 Kshs
Revenue from non-exchange transactions	3	154,827,562	141,036,582
Total revenue		154,827,562	141,036,582
Expenses			
Employee costs	4	104,912,438	91,142,301
Board expenses	5	13,070,720	12,277,311
Depreciation and amortization expense	6	2,610,905	2,899,532
Repairs and maintenance	7	2,452,433	2,410,184
General expenses	8	51,475,897	44,003,432
Total expenses		174,522,393	152,732,761
Other losses			
Loss on sale of assets	9	605,966	-
Deficit before tax		(20,300,797)	(11,696,179)
Taxation		-	-
Deficit for the period		(20,300,797)	(11,696,179)
Deficit attributable to owners of the controlling entity		(20,300,797)	(11,696,179)

NGO COORDINATION BAORD
 STATEMENT OF CHANGES IN NET ASSETS
 For the year ended 30 June 2014

	Reserves Kshs	Accumulated surplus Kshs	Total Kshs
Balance as at 30th June 2012	648,861	7,079,114	7,727,975
Deficit for the period		(11,696,179)	(11,696,179)
Transfers from accumulated surplus	(194,659)		(194,659)
Balance as at 30 JUNE 2013	454,202	(4,617,065)	(4,162,863)
			-
Deficit for the period		(20,300,797)	(20,300,797)
Transfers from accumulated surplus	(136,262)		(136,262)
Balance as at 30 JUNE 2014	317,940	(24,917,862)	(24,599,922)

NGO COORDINATION BOARD
 STATEMENT OF CASH FLOWS
 For the Year Ended 30th June 2014

		2014 Kshs	2013 Kshs
Surplus for the year before tax		(20,300,797)	(11,696,179)
Adjusted for:			
Depreciation		2,610,905	2,899,533
Non-cash grants received			-
Gains and losses on disposal of assets		605,966	-
capital grant amortization		(136,262)	(194,659)
Working capital adjustments:			
Increase in inventory		(81,378)	(16,300)
Increase in receivables		(1,979,994)	(1,828,341)
Increase in deferred income		-	-
Increase in payables		20,740,715	13,859,671
Increase in payments received in advance		-	-
Net cash flows from operating activities	17	<u>1,459,155</u>	<u>3,023,725</u>
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(2,169,128)	(2,655,035)
Proceeds from sale of property, plant and equipment		571,000	-
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		<u>(1,598,128)</u>	<u>(2,655,035)</u>
Net cash flows used in financing activities		<u>(1,598,128)</u>	<u>(2,655,035)</u>
Net increase/(decrease) in cash and cash equivalents		(138,973)	368,690
Cash and cash equivalents at 1 July	10	1,066,328	697,638
Cash and cash equivalents at 30 June	10	927,355	1,066,328

NGO COORDINATION BOARD
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
2013-2014

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Performance difference
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Amortization	136,261	-	136,261	136,261	0	
Government grant	113,613,000		113,613,000	113,613,000	-	
Appropriation in Aid	40,000,000	1,078,300	41,078,300	41,078,300	-	
	<u>153,749,261</u>	<u>1,078,300</u>	<u>154,827,561</u>	<u>154,827,561</u>	<u>0</u>	
Total income						
Expenses						
Board, Committees and Programmes						
Sitting allowance	3,120,000		4,500,000	5,772,200	(1,272,200)	(28)
Lunches	296,000		296,000	336,000	(40,000)	(14)
Subsistence	1,280,000	1,000,000	2,280,000	2,870,000	(590,000)	(26)
Mileage	1,528,320	1,500,000	3,028,320	3,132,520	(104,200)	(3)
Fees, commission & honoraria	960,000	-	960,000	960,000	-	-
Basic salaries	56,544,792		56,544,792	55,839,646	705,146	1
House allowances	18,000,000		18,000,000	17,850,000	150,000	1
comuter allowance	5,580,924		5,580,924	4,970,621	610,303	11
Leave and passage	4,254,632		4,254,632	3,696,357	558,275	13
Other allowances	3,600,000		3,600,000	3,531,483	68,517	2
Gratuity & Pension	11,430,300	7,500,000	18,930,300	9,333,055	9,597,245	51
NSSF	132,000	-	132,000	126,400	5,600	4
Review of the Act		490,000	490,000	466,880	23,120	
bank charges	399,960	-	399,960	586,030	(186,070)	(47)
Insurance costs	7,300,000	-	7,300,000	10,382,995	(3,082,995)	(42)
Internet connections	920,952	600,000	1,520,952	1,148,928	372,024	24
Professional services	2,720,000	900,000	3,620,000	3,529,658	90,342	2
Domestic travel & accomodation	6,999,960	2,000,000	8,999,960	8,924,849	75,111	1
Foreign travel & subsistence	200,000		200,000	212,676	(12,676)	(6)
Fuel, Oil repairs & Maintenance	1,150,000		1,150,000	1,234,239	(84,239)	(7)
Motor vehicles maintenance	550,000		550,000	499,861	50,139	9
General Maintenance other assets	1,200,000		1,200,000	1,952,572	(752,572)	(63)
Library expenses & magazines	288,000		288,000	256,848	31,152	11
hospitality	3,999,960		3,999,960	5,055,549	(1,055,589)	(26)
Postal services	480,000		480,000	622,639	(142,639)	(30)
Office general supplies	2,004,000		2,004,000	3,557,943	(1,553,943)	(78)
Publishing and advertising	480,000		480,000	330,360	149,640	31
Rent and rates	9,900,000		9,900,000	10,878,154	(978,154)	(10)
staff uniforms	30,000		30,000	14,000	16,000	53
Telephone expenses	2,116,000		2,116,000	2,031,194	84,806	4
Training and workshop expenses	1,200,000		1,200,000	1,262,749	(62,749)	(5)
Procurement committee	50,000		50,000	41,000	9,000	18
ISO Expenses	672,000		672,000	765,198	(93,198)	(14)
Audit fee provision	174,000		174,000	174,000	-	-
Loss on sale of assets				605,966	(605,966)	
Gratuity for Executive Diretor		9,600,000	9,600,000	9,564,876	35,124	0
Depreciation	2,610,905		2,610,905	2,610,905	-	-
Total expenditure	<u>162,172,765</u>	<u>23,590,000</u>	<u>177,142,765</u>	<u>175,128,359</u>	<u>2,014,346</u>	<u>(161)</u>
Surplus for the period	1,576,556	(22,511,700)	(22,315,144)	(20,300,798)	(2,014,346)	

I. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IAS 12*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments can be utilized, except in respect of deductible temporary differences associated with investments

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The annual rates used are motor vehicles 20%, Furniture & equipment 12.5 %, and computers 30%

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

l) Changes in accounting policies and estimates – IPSAS 3

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees and councilors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

q) Service concession arrangements – IPSAS 32

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

u) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

NEOs COORDINATION BOARD NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 Kshs	2013 Kshs
3. Revenue from non-exchange transactions		
Grant transfers from the Government	113,613,000	102,200,000
Internally generated revenue	41,078,300	38,641,923
Others	136,262	194,659
	<u>154,827,562</u>	<u>141,036,582</u>
Total government grants and subsidies	<u>154,827,562</u>	<u>141,036,582</u>

	2014 Shs	2013 Shs
4. Employee costs		
Employee related costs - salaries and wages	55,839,646	52,355,726
Employee related costs - contributions to pensions and medical aids	9,333,055	9,602,982
NSSF	126,400	143,500
allowances	4,970,621	5,138,539
Housing benefits and allowances	17,850,000	17,839,000
other allowances	3,531,483	666,709
Leave allowances	3,696,357	4,131,045
Gratuity Executive Director	9,564,876	1,264,800
Expenditure recharged to capital projects		
Employee costs	<u>104,912,438</u>	<u>91,142,301</u>

	2014 Shs	2013 Shs
5. Board Expenses		
Sitting allowance	5,772,200	6,250,000
Lunches	336,000	1,280,000
Subsistence	2,870,000	2,240,000
Mileage	3,132,520	1,547,311
Fees, commission& honoraria	960,000	960,000
	<u>13,070,720</u>	<u>12,277,311</u>
Total Board Expenses	<u>13,070,720</u>	<u>12,277,311</u>

	2014 Shs	2013 Shs
6. Depreciation and amortization expense		
Property, plant and equipment	698,033	746,156
Motor vehicles	348,978	679,388
Computers	1,563,894	1,473,988
Total depreciation and amortization	<u>2,610,905</u>	<u>2,899,532</u>

NGOs COORDINATION BOARD NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2014

7. Repairs and maintenance

	2014	2013
	KShs	KShs
Investment property – earning rentals	-	
Equipment	1,952,572	1,172,063
Vehicles	499,861	1,238,121
Other	-	
Total repairs and maintenance	<u>2,452,433</u>	<u>2,410,184</u>

8. General expenses

The following are included in general expenses:

	2014	2013
	Shs	Shs
Bank charges	586,030	403,433
review of the Act	466,880	772,000
Computer and Internet connections	1,148,928	457,060
Professional services	3,529,658	2,274,542
Domestic travel & accomodation	8,924,849	7,155,919
Foreign travel & subsistence	212,676	1,288,770
Fuel, Oil repairs & Maintenance	1,234,239	1,821,012
Insurance costs	10,382,995	9,544,414
Library expenses & magazines	256,848	316,005
procurement committee	41,000	-
hospitality	5,055,549	3,781,803
Postal services	622,639	613,564
Office general supplies	3,557,943	2,304,501
Publishing and advertising	330,368	322,933
Rent and rates	10,878,154	10,092,402
staff uniforms	14,000	28,000
Telephone expenses	2,031,194	2,109,385
Training and workshop expenses	1,262,749	374,492
ISO certification	765,198	169,197
Audit fee provision	174,000	174,000
bank fianacing		
Total General expences	<u>51,475,897</u>	<u>44,003,432</u>

9. Loss on sale of assets

	2,014	2,013
	Shs	Shs
Property, plant and equipment	(605,966)	-
Other assets	-	-
Total gain on sale of assets	<u>(605,966)</u>	<u>-</u>

NGOs COORDINATION BOARD NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2014

10. Cash and cash equivalents

	2014 KShs	2013 KShs
Bank- Chase bank	463,100	
coop bank - a/c 00	195,067	1,066,328
coop bank - a/c 001	7,267	
coop bank - a/c 002	88,541	
Cash-on-hand and in transit	173,380	-
Short-term deposits	-	-
Total cash and cash equivalents	927,355	1,066,328

11. Receivables from exchange transactions

	2014 Shs	2013 Shs
Current receivables		
Government grant	-	3,960,000
Prepaid insurance	8,764,850	2,780,481
Rent deposit	160,000	160,000
Total receivables	8,924,850	6,900,481

12. Receivables from non-exchange contracts

	2014 Shs	2013 Shs
Current receivables		
Property tax debts	-	-
salary advances	378,166	422,541
Total current receivables	9,303,016	7,323,022

13. Inventories

	2014 Shs	2013 Shs
Consumable stores	412,812	331,434
Total inventories at the lower of cost and net realizable value	412,812	331,434

NGOs COORDINATION BOARD NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2014

14. Property, plant and equipment

	Motor vehicles 25%	Furn.& Equip. 12.50%	Computers 30%	Total
	Shs	Shs	Shs	Shs
Cost				
At 1 July 2012	10,386,879	12,324,565	11,483,798	34,195,242
Additions	-	319,023	2,336,012	2,655,035
Disposals				-
Transfers/adjustments				-
At 30 June 2013	10,386,879	12,643,588	13,819,810	36,850,277
Additions	-	427,960	1,741,168	2,169,128
Disposals	(4,638,000)	-	(312,215)	(4,950,215)
Transfer/adjustments	-	-	-	-
At 30 June 2014	5,748,879	13,071,548	15,248,763	34,069,190
Depreciation and impairment				-
At 1 July 2012	6,989,940	6,674,337	8,906,517	22,570,794
Depreciation	679,388	746,156	1,473,989	2,899,533
Impairment				-
At 30 June 2013	7,669,328	7,420,493	10,380,506	25,470,327
Depreciation	348,978	698,033	1,563,894	2,610,905
Disposals	(3,665,341)		(107,908)	(3,773,249)
Impairment	-			-
Transfer/adjustment	-			-
At 30 June 2014	4,352,965	8,118,526	11,836,492	24,307,983
Net book values				-
At 30 June 2014	1,395,914	4,953,022	3,412,271	9,761,207
At 30 June 2013	2,717,551	5,223,095	3,439,304	11,379,950

NGOs COORDINATION BOARD NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2014

15. Trade and other payables from exchange transactions

	2014 KShs	2013 KShs
Trade payables	6,929,236	24,263,597
Unremitted Employer pension contributions	11,670,441	
Unremitted PAYE	20,095,969	
Other payables	6,308,666	
Total trade and other payables	45,004,312	24,263,597

16. Current provisions

	Defined benefit plan KShs	Post employment medical benefits KShs	Total KShs
Current benefit obligation	62,258,000	-	62,258,000
Non-current benefit obligation	-	-	-
Total employee benefit liability	62,258,000	-	62,258,000


17. Cash generated from operations

	2014 KShs	2013 KShs
Deficit for the year before tax	(20,300,797)	(11,696,179)
Adjusted for:		
Depreciation	2,610,905	2,899,532
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	605,966	-
Gains and losses on disposal of assets	(136,262)	(194,659)
capital grant amortization	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working capital adjustments:		
Increase in inventory	(81,378)	(16,300)
Increase in receivables	(1,979,994)	(1,828,341)
Increase in deferred income	-	-
Increase in payables	20,740,715	13,859,671
Increase in payments received in advance	-	-
Net cash flows from operating activities	1,459,155	3,023,724

I. PROGRESS OF FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. of the external audit report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: Resolved/ Not resolved	Time frame: (Put a date when you expect the
1. Financial position	technically insolvent	due to underfunding	Executive director/Board chairman	on going negotiations with Parent ministry	Jan-15
2. misappropriated funds	no update on investigations	matter pending at director of public prosecution	Executive director	awaiting response	unknown
3. trade and other payables	delay in remitting PAYE/Pension	remissions on going	Executive director	on going	Jan-15


 Executive Director
 Date 23/02/2015

Chairman of the Board
 Date.....