

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PAPER LAID BY THE
MAJORITY PARTY
WHIP HON BENJAMIN
WASHALI ON
27-09-2017

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CHILD WELFARE SOCIETY OF KENYA


FOR THE YEAR
ENDED 30 JUNE 2016



CHILD WELFARE SOCIETY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

**PREPARED IN ACCORDANCE WITH THE ACCRUAL BASIS OF
ACCOUNTING METHOD UNDER THE INTERNATIONAL PUBLIC
SECTOR ACCOUNTING STANDARDS (IPSAS)**



CHILD WELFARE SOCIETY OF KENYA
Annual Reports and Financial Statements
For the Year Ended 30th June 2016

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1. CORPORATE INFORMATION

1.1 ESTABLISHMENT OF THE SOCIETY

The Child Welfare Society of Kenya (CWSK) is a State Corporation for the care, protection, welfare and adoption of children vide Legal notice 58 of 23/05/2014. It is the National Adoption Society for Kenya and the National Emergency Response, Welfare and Rescue Organization for children. The Society was originally established and gazetted in 1955 as an approved society gazette notice 1768 of 27/12/1955, an exempt society under gazette notice 1536 of 4th November 1955, Certificate of Exemption Number 455 and the Adoption Society.

1.2 MANDATES AND FUNCTION OF CWSK

Child Welfare Society of Kenya was formed as a vehicle to develop and provide essential services to promote and secure the rights of all children and young persons in realization of their full potential; working in partnership with families, communities, governments and other stakeholders towards this goal. CWSK rights and obligations were preserved under the legal Notice 58 of 23rd May 2014 to undertake the following

- 1) Be the national emergency response and rescue organization for children;
- 2) Ensure the welfare of children and vulnerable young persons;
- 3) Be the national adoption society;
- 4) Strengthen families and provide families for separated children, children at risk of separation and children without appropriate care by facilitating-
 - a) family empowerment and rehabilitation;
 - b) local and international tracing and reunification;
 - c) guardianship;
 - d) foster care;
 - e) custody, including providing professional social work assessment;
 - f) adoption; and
 - g) any other suitable means that the Society considers necessary.
- 5) Develop and review standards and guidelines on child welfare, care, protection and control to be applied by the Society;
- 6) Establish such temporary places of safety including child care facilities, group homes, foster care homes, child rescue centres, child protection centres and child protection units as may be considered necessary and in the best interest of children;
- 7) Receive separated children and children without appropriate care into temporary places of
- 8) Rescue, receive and provide care to lost or abandoned children, children given up by their parents or committed to the Society by courts, referred by duty bearers or other stakeholders in the temporary places of safety and undertake family tracing, mediation and reunification;
- 9) Ensure rapid response by initiating urgent action in response to children in distress and rescue of children in distress including the provision of psychosocial support;

- 10) Advise any party on the procedure to be followed to adopt, foster or be a guardian to a child;
- 11) Develop and publish guidelines, training manuals or any other literature in relation to any of the matters dealt with by the Society;
- 12) Educate, give vocational training and skills to children and vulnerable young persons;
- 13) Conduct research into matters relevant to its functions and publish reports on such research;
- 14) Maintain relevant records and documents relating to the Society and the activities of the Society;
- 15) Establish and maintain appropriate information and communication systems and data base based on contemporary trends and practices for the purposes of linking knowledge and information with its stakeholders;
- 16) Establish mechanism to combat sexual exploitation of children and other forms of child labour;
- 17) Build capacity of children and promote their participation in national affairs;
- 18) Build capacity of duty bearers and institutional strengthening; ; and
- 19) Establish programmes for orphans and other vulnerable children

1.3 Vision

To see all the children and vulnerable young persons leading a happy fulfilling and fruitful life.

1.4 Mission

To promote and secure the rights of children and vulnerable young persons in order for them to realize their full potential.

1.5 Core Values

Children and young persons as the center of all its activities (*To the best interest of the child*)

The family environment as the unit where children and young persons can grow and develop with love and care (*Survival, growth and development*)

Prioritizing family strengthening

Equity and justice for all children and young persons irrespective of race, tribe, age, sex, religion and social background (*non discrimination*)

Full integration of children and young persons into mainstream national activities (*participation*)

Mutual respect for all (*among children, young persons, staff, Board of Directors & trustees*)

Mainstreaming environmental sustainability in CWSKs programming

1.6 Strategic Objectives of CWSK

The following are the strategic objectives of the Society –

- a) To respond to all emergencies affecting children in Kenya and rescue children in emergency situations.
- b) To rescue, receive and provide care to children in need of care and protection.
- c) To provide family tracing and reunification services for separated children.
- d) To facilitate alternative family care (adoption, foster care and guardianship) of children.
- e) To strengthen, rehabilitate and empower families to promote quality care of children.
- f) To provide education, vocational skills to vulnerable children and young persons.
- g) To build the capacity of duty bearers, right holders and provide institutional strengthening in order to effectively ensure the welfare of children.
- h) To provide quality temporary care to rescued children by upgrading/ establishment of temporary places of safety including child care facilities, Group homes, Foster care homes, Child Rescue Centers, Child Protection units as may be considered necessary and in the Best Interest of the Child.

1.7 BOARD OF TRUSTEES CWSK ENDOWMENT AND TRUST FUND

1. Hon Nathan W. Munoko
2. Mr. Joseph M. Gichuru
3. Mr. Joseph Gitau

1.8 BOARD OF DIRECTORS

1. P S Minstry of Finance and National Treasury
2. P S Ministry of labour(Social Security and Services)
3. Mr. Joseph K. Gitau, HSC - Chairman
4. Bishop Patrick Siabuta - Board Member
5. Mrs. Haida Bruno - Board Member
6. Prof. Dr. Charles N. Chunge - Board Member
7. Mr. Basiliano Nyaga - Board Member
8. Irene Mureithi – Chief Executive Officer/Secretary

1.9 AUDITORS

Kenya National Audit Office
Anniversary Towers
P O Box 30084 - 00100, Nairobi
Tel: 342330






1.10 BANKERS

1. Equity Bank
Equity Centre, Upperhill, PO Box 75104-00200 Nairobi
2. Barclays Bank
PO Box 30120-00100 Nairobi
3. Sidian Bank (formerly KRep Bank)
PO Box 25363-00603 Nairobi
4. Standard Chartered Bank
Treasury Square Branch, PO Box 90170-80100 Mombasa
5. National Bank of Kenya

1.11 REGISTERED OFFICE




Child Welfare Society of Kenya
Child Welfare Building
Off Langata Road
P.O Box 43982 (00100)
Nairobi- Kenya
Tel 6003301/600391
Email: cwsktoto@childwelfaremail.co.ke

BOARD OF DIRECTORS

	<p>Mr. Joseph Gitau, HSC</p> <hr/> <p>Chairman</p>
	<p>Bishop Patrick Siabuta</p> <hr/> <p>Member</p>
	<p>Mr. Basiliano Nyaga</p> <hr/> <p>Member</p>
	<p>Prof. Dr. Charles N. Chunge</p> <hr/> <p>Member</p>
	<p>Mrs. Haida Bruno</p> <hr/> <p>Member</p>

CHILD WELFARE SOCIETY OF KENYA
Annual Reports and Financial Statements
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BOARD OF DIRECTORS CONT.

	Ms. Susan Mochache
	Principal Secretary, Ministry of Labour(Social Security & Services)
	Member
	Dr. Kamau Thuge
	Principal Secretary, Ministry of Finance and National Treasury
	Member
	Irene Mureithi
	Chief Executive Officer/Secretary

2: CHAIRMAN'S STATEMENT

The Child Welfare Society of Kenya Board of Trustees is responsible for ensuring a smooth transition of the organization into a State Corporation. This entails strengthening the existing structures and making strategic decisions aimed at achieving excellence.

Over the past few months, the Board of Trustees has internally inducted itself on the Mwongozo Code of Governance for State Corporations. This culminated in an induction programme for Boards of State Corporations at Mombasa where two trainings were organized by the State Corporations Advisory Committee for Boards of State Corporations and these were attended by the CWSK Board. The Board continues to monitor its performance to ensure full compliance to the Mwongozo Code of Governance. Subsequently, members of the Board signed the Mwongozo Code of Governance and the same is being implemented at CWSK.

The Board of Trustees has embarked on regularizing the Board of Directors through gazettelement in order to be in line with the requirements of the State Corporations Act Cap 446. Further, the Board has submitted the proposed Child Welfare Society of Kenya (Amendment) Order, 2016 to the Head of State for finalization.

Based on the mandate of CWSK as a State Corporation under the Child Welfare Society of Kenya Order, 2014 the Board has identified four key deliverables being worked on to streamline the operations of CWSK. These include review of the Strategic Plan, Job Evaluation, Skills Audit, procedure manuals and standard operating procedures.

The Board is further proud to report that valuation and tagging of all assets of CWSK and thereby reconciliation and updating of the CWSK asset register has commenced and it is in its final stages of conclusion. The Board is also in the process of formulating a whistleblowing policy and developing an Enterprise Risk Management Framework and policy to address risk management. The Organization's Human Resource manual is being reviewed and along with it the Child Protection Policy.

Implementation of the 2015-2016 Performance Contract signed between the Government of Kenya and the CWSK Board of Trustees was successful. The mid-year performance review was conducted and emerged with a positive report. For this financial year, the budgetary funds for Development were received late, that is, in quarter two of the Financial Year and this affected and delayed the implementation of all projects and OVC development activities under the Development Budget.

CWSK is in Phase 1 of implementation of the construction projects and has obtained completion certificates issued by the State Department of Public Works in the Ministry of Transport, Infrastructure, Housing and Urban Development. As part of its oversight responsibility, the Board has continued to ensure the steady execution of projects that are in line with the mandate

2. CHAIRMAN'S STATEMENT CONT.

of CWSK as a strategic partner of the government in vision 2030 flagship projects. Such projects include the construction of integrated model foster care centres for children in various counties in Kenya. The projects report will be captured in detail in the CEO's report.

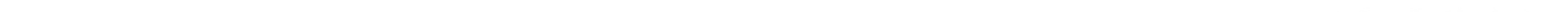
To fast-track the completion of the said projects, the Board recommended reallocation of funds initially earmarked for different development projects in CWSK Embu, CWSK Bomet and CWSK Headquarters to be redirected to Phase 1 of projects in construction of foster care centres in CWSK Bungoma, CWSK Kisumu and CWSK Joska.

The Board is proud to report that following determination for review of grants and disposition of public land by the National Land Commission, the said Commission ruled in favour of Child Welfare Society of Kenya for the restoration of the parcel L.R. No. Embu/Municipality Parcel/375 and subsequently gazzeted the revocation of the Title Deed in the Kenya Gazette dated 22nd January, 2016. The Society is now in the process of securing a Title Deed for the property. Similarly, the National Land Commission decided in favour of Child Welfare Society of Kenya in respect to LR No. KISII MUNICIPALITY BLOCK III/153. The County Land Management Board, Kisii recommended that the ownership of the land by CWSK be formalized.

CWSK works to provide services to marginalized children across all social sectors in line with Article 56 of the Constitution. The Board is focused on increasing the resources of CWSK to march the ever rising demand for services. The Board has continued to lobby the Government and other sources including UNICEF for grants. In the year 2015/2016, CWSK submitted a budget request for Ksh.3,372,612,000 to the Government.

In the foregoing Financial Year, CWSK conducted a Customer Satisfaction Survey on service effectiveness and how to improve the services offered by CWSK and the verdict was 100% excellence. There was no negative report on CWSK expect a few calls for increased presence and services in some areas such as Baringo and Turkana. From this survey, it emerged that there is need for increased awareness of CWSK services through such means as testimonies of previous activities carried out by CWSK. In future, CWSK shall carry out an impact assessment of its services.

One remarkable result of the great service offered by CWSK to the communities is a decision by the Loyamorok Community of Baringo County to donate a 15 acres parcel of land to Child Welfare Society of Kenya. The parcel of land is situated at Chesirimion Trading Centre approximately 30 kilometers north of the scenic lake Baringo and a short distance from the proposed Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) corridor route, which traverses Baringo County. Child Welfare Society of Kenya purposes to put up an integrated child and family model project for children programmes on the land.



2. CHAIRMAN'S STATEMENT CONT.

CWSK being the national emergency and welfare organization for children, the Board's focus is on fast-tracking completion of emergency development projects. This is more so because CWSK is the referral institution for the government especially when Charitable Children's Institutions (CCIs) are closed down for various reasons and high numbers of children require immediate rescue. CWSK implemented the Children's Act and rescued children were committed to our places of safety as per the Children Act, 2001. CWSK purposes to prepare and have adequate room and facilities to provides temporary shelter for children in emergency situations.

Certainly, CWSK has been implementing the commitments in the President's Annual Report on National Values and Principles of Governance e.g. in protection of the Bill of Rights. The CWSK Board will continue to promote the realization of national cohesion and values.

As a Board, we commend the management and staff of CWSK for a good scorecard.

Thank you.



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Mr. Joseph Gitau, HSC
CHAIRMAN, BOARD OF TRUSTEES

DATE: 11/05/2017

3. REPORT OF THE CHIEF EXECUTIVE OFFICER

During the financial year 2015/2016 the Child Welfare Society of Kenya was given a budgetary allocation of Kshs 761,250,000, by the Government out of which 361,250,000 was recurrent and 400,000,000 development. This allocation was insufficient considering CWSKs mandate as per legal notice 58 of 2014. The organization achieved the following during the financial year 2015/2016.

3.1 MAJOR ACHIEVEMENTS IN THE YEAR 2015/16

In all our programmes, CWSK reached a total number of 179,338 children and 27,671 duty bearers.

- 34,802 OVCs outside the cash transfer were provided with psychosocial support.
- 56,583 children were provided with education and skills development support.
- 44,807 children affected by emergencies were provided with psychosocial support.
- 24,431 families were strengthened.
- Built the capacity of 27,671 duty bearers including, chiefs, hospital staff, teachers, social workers.
- 3,786 children who were separated from their families were provided with family tracing, mediation and reunification services.
- 2,927 Rescued children in temporary places of safety were provided with psychosocial support
- Provided 359 children with alternative family care through guardianship, foster care and local adoption.
- 2,544 separated children were reunified with their families.

3.2 ACHIEVEMENTS PER CWSK PROGRAMMES

3.2.1 TEMPORARY PLACES OF SAFETY & RAPID RESPONSE AND RESCUE OF CHILDREN PROGRAMME

CWSK implements rapid response and rescue of children services in its branches. Whenever a case of lost, child abuse, abandonment, or exposure to detrimental risk is reported to our offices, we respond immediately and rescue the child (ren). CWSK has fifteen temporary places of safety country wide .i.e CWSK Mama Ngina Kenyatta, CWSK Mji wa salama, CWSK Kisii, CWSK Kanduyi, CWSK Arap Moi, CWSK foster families and group homes, CWSK Nanyuki, CWSK Embu, CWSK Isiolo and CWSK Murang'a. Through this programme CWSK rescues & offers shelter and safe houses for children in need of temporally care and protection. Further CWSK provides psychosocial support to the children in the CWSK temporary places of safety and also networks with Charitable Children's Institutions(CCI).

Achievements in rapid response and rescue of children

- 2,927 Rescued children and in temporary places of safety were provided with psychosocial support.

3. REPORT OF THE CHIEF EXECUTIVE OFFICER CONT.

3.2.2 ALTERNATIVE FAMILY CARE PROGRAMME

This programme is a vision 2030 flagship project. Its overall goal is to increasingly realize conducive family and alternative Care for Children in Need of Special Protection (CNSP). The programme realizes this through; adoption, foster care and guardianship.

Achievements in Alternative family care

- 359 separated children were placed in with families(through foster care, guardianship and local adoption)

3.2.3 EMERGENCY PREPAREDNESS AND RESPONSE PROGRAMME

This programme focuses on addressing child protection concerns and ensuring protection of children during emergencies. CWSK responds to any emergencies that may take place in any part of the country in addition to establishment /strengthening of local community structures to respond to child protection in emergencies.

Achievements in emergency preparedness

- 44,807 children were provided with psychosocial support
- 1,070 separated children in emergency affected areas were provided with Family tracing, mediation and reintegration services.

3.2.4 FAMILY STRENGTHENING PROGRAMME.

Aims at strengthening of family relationships in order for them to effectively care and protect children. This is done through providing counseling, mediation, psychosocial support, rehabilitation and economic empowerment to families in order for them to provide quality care to children.

Achievements in family counseling, mediation, empowerment, rehabilitation

- 24,431 families provided with psychosocial support, mediation, rehabilitation and counseling.
- 1,835 families received economic empowerment

3.2.5 FAMILY TRACING AND REUNIFICATION PROGRAMME.

This involves family tracing for children who are not aware of the whereabouts of their parents or parents not aware of the whereabouts of the children and facilitating reunification of these children with their families. This is done locally and internationally.

3. REPORT OF THE CHIEF EXECUTIVE OFFICER CONT.

Achievements in family Tracing and Reunification

- Provided 3,786 separated children with family tracing services through social investigations and also by placing their photos on the print media both Nation and Standard.
- 1,474 children were reunified with their families having been separated from their families

3.2.6 EDUCATION AND SKILLS DEVELOPMENT PROGRAMME

This programme is a vision 2030 flagship project. The programme focuses on achieving and promoting OVCs, vulnerable young persons and children access to quality education and self-reliance skills training through; Enhancing and strengthening early childhood development (ECD) programmes; providing support towards education to all children in the 15 CWSK temporarily places of safety and to unreached children that fall through the cracks at local community level and promoting children and youth access to quality education and self-reliance skills

Achievements in education and skills development

- Supported 56,583 children in education and skills development.

3.2.7 CHILD LABOUR & COMMERCIAL SEXUAL EXPLOITATION OF CHILDREN (CSEC) AND OVCS OUTSIDE FAMILY PROGRAMME

This programme aims at creating an enabling environment for child labour free zones across the country and support to OVCs outside family household. This includes lobbying and advocating for policies and laws that promote child labour & CSEC free society, prevention and Withdrawal of children from situation child labour including CSEC, street, neglect, abuse and exploitation. Through this programme CWSK identifies, registers, rescues, rehabilitates, mediates families, traces, and integrates/reunifies these children with their families. It also involves provision of psychosocial support to OVCs outside cash transfer programme.

Achievements

- 7,264 children involved and at risk of child labour and CSEC identified, provided with psychosocial support to go to school and retain them in school.
- 34,802 OVCs outside the cash transfer provided with psychosocial support including those OVCs in CWSK networks and in other linkages in CCIs.

3. REPORT OF THE CHIEF EXECUTIVE OFFICER CONT.

3.2.8 CAPACITY BUILDING PROGRAMME

The programme aims at strengthening the community capacities, duty bearers, youth and children in order to provide an enabling environment for OVCs care and protection as well institutional strengthening.

Achievements in capacity building

- 27,671 duty bearers sensitized/trained on OVC protection and their roles in protecting OVCs

3.2.9 DEVELOPMENT-UPGRADING & ESTABLISHMENT OF CWSK TEMPORARY PLACES OF SAFETY

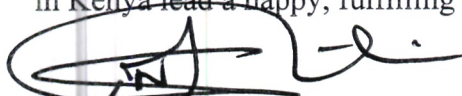
Development is aimed at improving the quality of life of children, orphans and other and vulnerable young persons at the local community as well as those in CWSK temporary places of safety, rescue centres across the country. CWSKs development projects are flagship projects for vision 2030.

Achievements in development

- Phase one of CWSK foster houses in Isiolo, Joska and Nanyuki is in progress, with the following estimated levels of completion. CWSK Joska project at 70 %, CWSK Nanyuki at 45 % while CWSK Isiolo at 40 %.
- Perimeter walls complete and now gate and reception houses at 98% in Nairobi, Murang'a, Isiolo and Nanyuki. Perimeter wall in CWSK Kisii at 80 % while the gate house and reception office at 98%.

CONCLUSION

Glory to God for all that Child Welfare Society of Kenya achieved in the year 2015/16 and for the significant growth to a higher level of Glory. Provision of services to children has continued to increase as the organization makes deliberate efforts to reach more children with its services. CWSK has made tremendous impact through its programmes reaching a total of 179,338 children and 27,671 duty bearers and made great progress in the implementation of the vision 2030 flagship projects namely; alternative family care, education, rehabilitation and skills development and development projects. More children have been reached through our programmes and through the increased number of referrals from other government departments as well as other stakeholders. CWSK aims to ensure that children and vulnerable young persons in Kenya lead a happy, fulfilling and fruitful life.



Irene Mureithi

Chief Executive Officer

CHILD WELFARE SOCIETY OF KENYA

4. STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance is the process and structure by which organizations are directed and controlled while ensuring accountability and transparency in resource mobilization and utilization. Child Welfare Society of Kenya is committed to high standards of corporate governance.

Board of Directors

Child Welfare Society of Kenya is in transition having been established as a State Corporation on 23rd May, 2014. The current Board of Directors is therefore the first Board since appointment of CWSK as a State Corporation. The Board is responsible for the governance of CWSK and it ensures that the organization complies with all government regulations while achieving its objectives as per the CWSK strategic plan and performance contract. The Board members are collectively responsible for the long term success of the organization and they are charged with the responsibility to provide leadership and oversee management of the organization.

Board Meetings

The Board holds meetings on a regular basis and where necessary special meetings of the Board are called.

Accountability

The Board is responsible for reviewing and approving the annual budget of the organization before submission to the relevant authorities. The Board also reviews and approved financial statements to ensure they are a true representation of the organization's position. The Board signs a Performance Contract with the Government and it oversees compliance and realization of the same by the Management.

Organizational Policies

The organization has policies including the Human Resource policy, ICT policy and the Child Protection policy, among others which govern the organization and the interests of children. These policies are in line with the CWSK strategic plan and the performance contract.


Audit

Internal audit systems are in place. However, the organization undergoes external audit by the government.

Organizational Structure

An organizational structure detailing lines of authority is in place. Staff professionalism and competence is maintained through thorough recruitment policies and a performance appraisal system which is keen on targets and accountability while taking into account appropriate training requirements. Through continues monitoring, staff are expected to develop and maintain therequired skills to fulfill their responsibilities.

Signed:


.....
Joseph Gitau, HSC
Chairman, Board of Trustees
Date: 11/05/2017


.....
Irene Mureithi
Chief Executive Officer
Date: 11/05/2017

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5. REPORT OF THE BOARD OF DIRECTORS

The Chairman of the Board submits this report together with the financial report for the year ended June 30, 2016.

The Child Welfare Society of Kenya(CWSK) Board is non-executive and is governed by the provisions of the Child Welfare Society of Kenya Order, 2014. This is the first Board for CWSK since it became a State Corporation on 23rd May, 2014. The Board is responsible for transitioning CWSK into a State Corporation and overseeing a smooth transition. The Board appreciates the Government's continued support in securing all the properties under CWSK for the children and their future. The functions of the Board include:-

1. Control, supervise and administer the assets of the Society in a manner that best promotes the purpose for which the Society is established;
2. Determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Society and the Trust Fund;
3. Receive any grants, gifts, donations or endowments and make legitimate disbursements there from;
4. Mobilize resources for the Society;
5. Strengthen the Endowment and Trust Funds established under the irrevocable Trust Deed of the 12th June, 1970 and such other funds as may be necessary for achieving the objectives of the Society;
6. Cause necessary programmes to be developed and regularly review programmes developed to effect the objectives of the Society;
7. Contribute towards the development and revision of the National Strategy for the promotion, securing and protection of children's rights;
8. Prescribe fees payable for services rendered by the Society;
9. Advise the Government on laws and policies relating to child welfare and their implementation;
10. Promote public and private sector partnerships for sustainable child welfare programmes and activities;
11. Perform such other functions as may be assigned to it by the President or the Cabinet Secretary

The Board approved the CWSK budget totaling to Ksh. 4,232,847,858. Though the amount requested from the Government for running a State Corporation has not been given yet, CWSK is still funded to the tune of Ksh. 761,250,000 in the financial year 2014/2015. Under the leadership of the Board, CWSK worked within this budget directing 400,000,000 to development expenditure and 361,250,000 to recurrent expenditure.

The performance of CWSK in the FY 2014/15 was remarkable in the implementation of both the development projects and the provision of services to the children which is said to be above the projected target. Though the organization faced many challenges including court cases, transitional challenges and limited funding, targets agreed upon in the performance contract signed with the Ministry of Labour, Social Security and Services were realized.

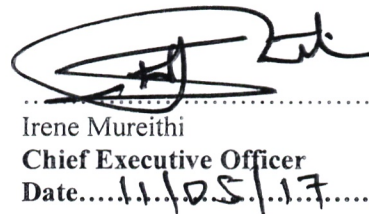
Audit

The Auditor General is responsible for the statutory audit of Child Welfare Society of Kenya in accordance with the Public Finance Management (PFM) Act, 2012.

Signed:



.....
Mr. Joseph Gitau, HSC
Chairman, Board of Trustees
Date.....11/05/17.....



.....
Irene Mureithi
Chief Executive Officer
Date.....11/05/17.....

6: STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Public Finance Management Act, 2012 section 82 requires the Directors to prepare financial statements in respect of the Child Welfare Society of Kenya, which give a true and fair view of the state of affairs of the Society at the end of the financial year and the operating results of the Society for that year. The Directors are also required to ensure that the Society keeps proper accounting records which disclose with reasonable accuracy the financial position of the Society.

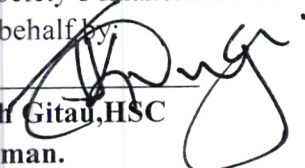
The Directors are responsible for the preparation and presentation of financial statements that give a true and fair view of the state of affairs of the Society at the end of the financial year ended 30th June 2016. This responsibility includes: (i) maintaining adequate financial management arrangements 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 Society; (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 misstatement, whether due to fraud or error; (iv) safeguarding the assets of the Society; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

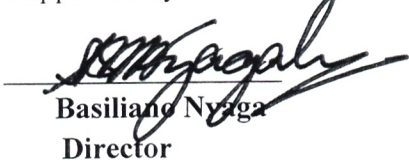
The Directors accept responsibility for the Society's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act 2012 and the State Corporations Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the Society's transactions during the financial year ended June 30, 2016 and of the financial position as of that date. The directors further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the Society'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 Society 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 Society's financial statements were approved by the Board on^{11th MAY}.....201~~6~~ and signed on its behalf by:


Joseph Gitau, HSC
Chairman.


Basiliano Nyaga
Director


Irene Mureithi
CEO/Secretary

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CHILD WELFARE SOCIETY OF KENYA FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements for Child Welfare Society Of Kenya set out on pages 16 to 29, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in reserves, 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 35 of the Public Audit Act, 2015. 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 (Accrual Basis) 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 47 of the Public Audit Act, 2015.

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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the 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 Society'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 Society's internal control. An audit

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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

1.0 Property, Plant and Equipment

The statement of financial position as at 30 June 2016 reflects property, plant and equipment balance of Kshs.1,832,062,112 out of which Kshs.1,374,733,883 relates to land and buildings in various parts of the country. As previously reported, twenty four (24) parcels of land of an undetermined value did not have complete ownership documents as follows:

Status of Various Parcels of Land	No.	Incomplete ownership documents
With Title deed	7	
Allotment letter	9	9
Partial Development Plan (PDP)	8	8
Title deed in Progress	1	1
Others with unclear descriptions	6	6
Total	31	24

Although correspondences available indicate that the Society has initiated the process of acquiring titles for some of the parcels, the process should be fast-tracked to pursue the disputed parcels of land, cases in court and the grabbed parcels for recovery and issuance of ownership documents.

In the foregoing circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.1,832,062,112 reflected in the financial statements as at 30 June 2016 could not be confirmed.

2.0 Budget Control and Performance

2.1 Revenue

Child Welfare Society of Kenya had budgeted for revenue totalling Kshs.4,200,000,000 as follows:

Source	Budget Kshs.	Actual Kshs.	Over (Under) Kshs.	Over/(under) %
GOK Grant - Recurrent	1,500,000,000	347,250,000	(1,152,750,000)	(77%)
GOK Grant - Development	2,700,000,000	400,000,000	(2,300,000,000)	(85%)
Other Grants	-	65,260,264	65,260,264	100%
Other Income	-	6,156,335	6,156,335	100%
Total	4,200,000,000	818,666,599	(3,381,333,401)	(81%)

However, the actual revenue realized amounted to Kshs.818,666,599 resulting to a shortfall of Kshs.3,381,333,401 or 81%. The shortfall was mainly attributed to non-

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receipt of Government grants totalling Kshs.3,452,750,000 or 82%. Despite actual receipt of Kshs.49,240,248 under other grants and other income in 2014/2015 financial year, no estimate was made under these items during 2015/2016.

No satisfactory reasons have been provided for the failure to budget for these other sources of revenue. Further, no explanatory note was provided in the financial statement for revenue shortfalls of over or under 10% as required.

2.2 Expenditure

Actual expenditure amounted to Kshs.910,139,768 against the approved budget of Kshs.4,200,000,000 for both development and recurrent expenditure resulting to an under expenditure of Kshs.3,289,860,232 or 78% as follows:

Programme/Activity	Budget Kshs.	Actual Kshs.	Over/(Under) Kshs.	Over/(under) %
Recurrent Expenditure	1,500,000,000	438,723,169	(1,061,276,831)	(71%)
Development Expenditure	2,700,000,000	400,000,000	(2,300,000,000)	(85%)
Other Grants Expenditure	-	65,260,264	65,260,264	100%
Other Income Expenditure		6,156,335	6,156,335	100%
TOTAL	4,200,000,000	910,139,768	(3,289,860,232)	(78%)

However, the Society did not provide explanatory notes to the financial statement as required for expenditures of over and under 10%.

As a result, the society has not contained its expenditure within the approved budget for 2015/2016.

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 Child Welfare Society of Kenya as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Child Welfare Society of Kenya Order, 2014.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

10 July 2017

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8: STATEMENT OF FINANCIAL PERFORMANCE

REVENUE FROM NON-EXCHANGE TRANSACTIONS	Note	2015/16	2014/15
		Kshs	Kshs
RECURRENT FUNDS			
Government Grant	3	347,250,000	361,250,000
Other Grants	4	67,335,392	45,232,861
Other Income	5	4,661,002	4,007,387
OVC Development	3	79,732,790	128,564,190
Total Recurrent Revenue		498,979,184	539,054,438
Recurrent Expenses			
Compensation of Employees	15	324,480,923	282,102,651
Directors Expenses	16	3,817,200	1,023,500
Administrative Expenses	17	201,881,437	137,210,912
OVC Development	17	79,732,790	128,564,190
Subtotal - Recurrent Expenses		609,912,350	548,901,253
SURPLUS/(DEFICIT) FROM RECURRENT ACTIVITIES		(110,933,167)	(9,846,815)



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9: STATEMENT OF FINANCIAL POSITION

	Note	2015/16 Kshs	2014/15 Kshs
ASSETS			
Non Current Assets			
Property, Plant & Equipment	6	1,832,062,112	1,528,128,787
Investments	7	2,263,125	2,040,000
Current Assets			
Inventories	8	35,732,057	88,799,139
Receivables	9	3,922,325	823,375
Other Receivables	10	3,648,646	7,106,130
Cash and Cash Equivalents	11	1,433,569	58,240,782
Trustees Account	12	109,320,720	140,961,744
		154,057,316	295,931,170
Current Liabilities			
Accounts Payable and Accruals	13	124,146,272	170,181,720
Rent deposit	14	168,400	168,400
		124,314,672	170,350,120
Net Current Assets		29,742,644	125,581,050
Total Assets		1,864,067,880	1,655,749,838
Financed by :			
Capital and equity			
Accumulated Fund		(184,101,311)	(73,168,144)
Revaluation Reserve		1,213,123,081	1,214,139,081
Capital Reserve		835,046,111	514,778,901
Total Capital and Equity		1,864,067,880	1,655,749,838

The Financial Statements set out on pages 1 to 29 were signed on behalf of the Board of Directors by:

Secretary/Chief Executive Officer

Date: 11th May 2017

Signature: 

Chairman Board of Trustees

Date: 11th May 2017

Signature: 

STATEMENT OF CHANGES IN RESERVES

	Notes	Accumulated Fund	Revaluation Reserves	Capital Reserves	Total Shs
Balance as at 1st July 2014		(63,321,329)	16,971,081	243,343,091	196,992,843
Revaluation Surplus	6	-	1,197,168,000	-	1,197,168,000
Capital Grants Received		-	-	271,435,810	271,435,810
Surplus (Deficit) for the Period		(9,846,815)	-	-	(9,846,815)
Balance as at 30th June 2015		(73,168,144)	1,214,139,081	514,778,901	1,655,749,838
Balance as at 1st July 2015		(73,168,144)	1,214,139,081	514,778,901	1,655,749,838
Armortised during the year		-	(1,016,000)	-	(1,016,000)
Capital Grants Received		-	-	320,267,210	320,267,210
Surplus (Deficit) for the Period		(110,933,167)	-	-	(110,933,167)
Balance as at 30th June 2016		(184,101,311)	1,213,123,081	835,046,111	1,864,067,880

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11. STATEMENT OF CASH FLOWS

	Note	2015/16 Kshs	2014/15 Kshs
Cash flows from operating activities			
Net Surplus /(Deficit) for the year		(110,933,167)	(9,846,815)
Adjusted for item not involving movement of cash			
Depreciation	6	20,039,792	13,195,516
Unrealised gains on investments	7	(223,125)	(388,875)
Operating Surplus/(Deficit) before Working Capital Change		(91,116,500)	2,959,826
(Increase)/decrease in inventory		53,067,082	(47,490,762)
(Increase)/decrease in receivables		358,534	20,246,757
Increase/(decrease) in payables		(46,035,447)	34,143,280
Increase/(decrease) in Trustee Account		31,641,024	(67,211,048)
Net cash generated from operating activities		(52,085,306)	(57,351,948)
Investing activities			
Purchase of Fixed Assets	6	(324,989,116)	(243,731,718)
Cash from operating and investing activities		(377,074,423)	(301,083,666)
Financing activities			
Government Grants	3	320,267,210	271,435,810
Net cash from financing and investing activities		<u>320,267,210</u>	<u>271,435,810</u>
Net cash in/(out) flow for the year		(56,807,213)	(29,647,856)
Cash and cash equivalents at 1st July	11	58,240,781	87,888,637
Cash and cash equivalents as at 30th June		1,433,569	58,240,781

Recurrent Expenditure

PROGRAMME/ACTIVITY	Cwsk Budget	Amount Received	Actual Expenditure	Variance
1 Capacity Building, Research and Advocacy Programme	76,390,000	OVC	OVC	-
2 Education and Skills Development for Unreached Children at the Community Level	90,000,000	OVC	OVC	-
3 Emergency, Preparedness and Response Programmes	200,000,000	OVC	OVC	-
4 Family Strengthening & Family Tracing Programmes	66,697,480	OVC	OVC	-
5 Foster Care and Guardianship Programmes	101,640,000	19,602,000	20,018,000	(416,000)
6 Adoption Programme	38,280,000	2,848,000	2,847,854	146
7 Operating Expenses	156,807,360	12,956,000	37,195,636	(24,239,636)
8 Personnel Costs	254,416,948	257,644,000	324,480,923	(66,836,923)
9 Personnel Allowances	44,579,068	-	-	-
10 Temporary Places of Safety (including Children's Home) Programme	171,189,144	54,200,000	54,180,756	19,244
11 Capital Expenditure	300,000,000			
Total RECURRENT EXPENDITURE	1,500,000,000	347,250,000	438,723,169	(91,473,169)

B Development Expenditure

PROGRAMME/ACTIVITY			Actual Amount	Variance
1 OVC And Vulnerable Young Persons Development - those outside family protection & not under OVC	1,470,616,500	79,732,790	79,732,790	-
2 Upgrading CWSK Places of safety (Development projects)	1,229,383,500	320,267,210	320,267,210	-
Total DEVELOPMENT EXPENDITURE	2,700,000,000	400,000,000	400,000,000	-

C Other Grants

1 Education and Skills Development for Unreached Children at the Community Level	17,100,000	17,100,400	17,020,606	79,794
2 Family Strengthening & Family Tracing Programmes	15,747,858	15,747,858	15,747,858	-
3 Committee on adoption expenses	32,991,800	32,991,800	32,491,800	500,000
Total Other Grants	32,847,858	65,840,058	65,260,264	579,794

C Other Income

1 Education and Skills Development for Unreached Children at the Community Level		5,947,120	5,947,120	-
2 Operating Expenses		209,215	209,215	-
Total Other Income	-	6,156,335	6,156,335	-
GRAND TOTAL	4,232,847,858	819,246,393	910,139,768	(90,893,375)

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

Child Welfare Society of Kenya (CWSK) financial statements have been prepared in accordance with International Public Sector Standards (IPSAS). The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of CWSK. The accounting policies have been applied as per IPSAS in the year under review.

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

2. Summary of significant accounting policies

a) Revenue recognition

(i) Revenue from non-exchange transactions

Government grants and donor funds

The organization recognizes revenues from fees, government grants and donor funds 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 recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the organization and the fair value of the asset can be measured reliably.

(ii) Revenue from exchange transactions

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.

Other Income

Interest income, school tuition and dispensary income are recognized as received.

b) Budget information

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 CWSK. 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

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 organization 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 necessary.

Value added tax

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

which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii. When receivables and payables are stated with the amount of VAT included.

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

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d) Property, Plant and Equipment

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 item. When significant parts of property, plant and equipment are required to be replaced at intervals, the organization 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 property 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.

Depreciation is calculated to write off the cost or valuation of property and equipment in equal annual installments over their estimated useful lives. The rates are;

Freehold land	Nil
Leasehold land	Over period of lease
Buildings	2%
Motor vehicles	20%
Furniture, computers & equipment	12.5%

Capital work in progress is not depreciated until such as time as the asset is brought into use. No depreciation is provided for in the year of acquisition, whilst full depreciation is provided for in the year of disposition.

Revaluation reserve on buildings is amortised at 2% per year.

e) Inventories

Inventory is measured at cost upon initial recognition. 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 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 Society.

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f) Provisions

Provisions are recognized when the Society 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 Society 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.

g) Contingent liabilities

The Society 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 financial statements, potential is remote.

h) Nature and purpose of reserves

The Society creates and maintains reserves in terms of specific requirements as follows: (i) capital reserve - used to record contribution made by government in form of grants / transfers (ii) revaluation reserve - used to indicate the revalued amount on the plant property and equipment.

i) Changes in accounting policies and estimates

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

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j) Employee Benefits

Short term employee benefits include items such as: (a) Wages, salaries, and social security contributions; (b) short term compensated absence (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled.

When an employee has rendered service to the Society during an accounting period, the Society recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for that service: as a liability (accrued expense), after deducting any amount already paid.

If the amount already paid exceeds the undiscounted amount of the benefits, the Society recognises the excess (i) as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and (ii) as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

k) 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 in various commercial banks at the end of the financial year.

l) Significant judgements and sources of estimation uncertainty

The preparation of the Society's financial statements in conformity with IPSAS requires management to make judgements, 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.

m) Subsequent events

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, 2015 that have not already been accounted for.

n) Trustees Account

This relates to income generating activities and property held thereunder which continue to be presided over by the Trustees under the Trust Deed of the 12th June, 1970 as per Legal Notice 58 of 2014.

o) Financial management risk and objectives

risks. The Society's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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NOTES

3. Government Grants	2015/16	2014/15
	Kshs	Kshs
Government Grants		
20/08/2015	90,312,500	90,312,500
11/02/2015	90,312,500	100,000,000
04/08/2016	90,312,500	100,000,000
04/11/2015	200,000,000	90,312,500
30/06/2016	76,312,500	90,312,500
07/04/2016	200,000,000	90,312,500
17/04/2015	0	100,000,000
10/06/2015	0	100,000,000
Total	747,250,000	761,250,000

Comprised of:

Recurrent	347,250,000	361,250,000
Development :		
Upgrading CWSK Places of Safety	320,267,210	271,435,810
Orphans and Vulnerable Children (OVC) Development	79,732,790	128,564,190
Subtotal Development	400,000,000	400,000,000
	747,250,000	761,250,000

4. Other Grants	2015/16	2014/15
	Kshs	Kshs
Project Grants: Save the Children Fund	-	6,763,913
Project Grants: Nakuru Lapsetry	17,100,400	18,347,351
Project Grants: Katian Diesel	120,000	137,500
Project Grants: CESVI	15,747,858	11,942,458
Project Grants: Kuoni	-	4,544,456
Project Grants: UNICEF	32,991,800.00	-
Donations/Other Incomes	1,375,334	3,497,184
Totals	67,335,392	45,232,861

5. Other Income	2014/15	2014/15
	Kshs	Kshs
Interest Received	532,127	62,752
Dividends Received(safaricom)	77,520	
Rental Income	-	7,000
Dispensary Income	111,080	51,510
School Tuition Fees	3,717,150	3,497,250
Unrealised gains on investments	223,125	388,875
	4,661,002	4,007,387

NOTES

PROPERTY, PLANT & EQUIPMENT

Description	Land Kshs	Land & buildings Kshs	Motor vehicles Kshs	Computers Kshs	Furniture and Equipment Kshs	Construction in progress Kshs	TOTALS Kshs
COST							
At 1 July 2014	11,732,000	160,340	63,448,380	7,306,990	12,147,324	18,405,450	113,200,484
Additions	-	-	21,704,481	648,976	14,661,393	206,716,868	243,731,718
Revaluation	1,146,368,000	50,800,000	-	-	-	-	1,197,168,000
Disposal	-	-	-	-	-	-	-
At 30 June 2015	<u>1,158,100,000</u>	<u>50,960,340</u>	<u>85,152,861</u>	<u>7,955,966</u>	<u>26,808,717</u>	<u>225,122,318</u>	<u>1,554,100,202</u>
DEPRECIATION							
At 1 July 2014	-	-	6,056,851	1,968,875	4,750,173	-	12,775,898
Charge for the year	-	-	11,425,805	733,376	1,036,335	-	13,195,516
Elimination on disposal	-	-	-	-	-	-	0
At 30 June 2015	-	-	<u>17,482,656</u>	<u>2,702,251</u>	<u>5,786,508</u>	-	<u>25,971,414</u>
NBV at 30 June 2015	<u>1,158,100,000</u>	<u>50,960,340</u>	<u>67,670,205</u>	<u>5,253,716</u>	<u>21,022,209</u>	<u>225,122,318</u>	<u>1,528,128,787</u>
COST							
At 1 July 2015	1,158,100,000	50,960,340	85,152,861	7,955,966	26,808,717	225,122,318	1,554,100,202
Additions	7,413,276.00	958,867	21,100,000	902,694	2,615,611	291,998,668	324,989,116
Reclassification	-	157,968,850	-	-	-	(157,968,850)	-
At 30 June 2016	<u>1,165,513,276</u>	<u>209,888,057</u>	<u>106,252,861</u>	<u>8,858,660</u>	<u>29,424,328</u>	<u>359,152,136</u>	<u>1,879,089,318</u>
DEPRECIATION							
At 1 July 2015	-	-	17,482,656	2,702,251	5,786,508	-	25,971,414
Charge for the year	-	3,207	16,350,577	816,999	2,869,009	-	20,039,792
Amortisation	-	1,016,000	-	-	-	-	1,016,000
Elimination on disposal	-	-	-	-	-	-	-
At 30 June 2016	-	<u>1,019,207</u>	<u>33,833,233</u>	<u>3,519,249</u>	<u>8,655,517</u>	-	<u>47,027,207</u>
NBV at 30 June 2016	<u>1,165,513,276</u>	<u>208,868,850</u>	<u>72,419,627</u>	<u>5,339,411</u>	<u>20,768,811</u>	<u>359,152,136</u>	<u>1,832,062,112</u>

Construction work-in-progress is in respect of integrated child and family centres in Kisumu, Muranga, Bungoma, Mama Ngina, Nanyuki, Kisii, Isiolo, Joska and Nyahururu.

The above assets were previously held under a trust managed by a Board of Trustees registered under an irrevocable trust deed of the Child Welfare Society of Kenya on 12th June 1970.

7. Investments	2015/16 Kshs	2014/15 Kshs
127500 Safaricom Limited Shares @Kshs5.00	2,040,000	1,651,125
Revaluation Surplus as at 30th June (2016: Kshs 17.75; 2015: Kshs 16)	223,125	388,875
Totals	<u>2,263,125</u>	<u>2,040,000</u>

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8. Inventories	2015/16	2014/15
	Kshs	Kshs
Beddings & Cutlery	9,073,484	8,938,484
Tiles	384,272	3,130,650
Twisted Steel Products	1,137,378	2,615,928
Roof Trusses	13,425,052	20,375,250
Plumbing & Electrical Materials	26,746	2,101,229
EPS panels	1	38,932,875
Iron Sheets	7,911,515	2,427,253
Steel Products	0	1,198,015
Cement	155,085	9,079,455
Paints	2,284,218	0
Timber	788,906	0
Water Tanks	545,400	0
	<u>35,732,057</u>	<u>88,799,139</u>

9. Receivables: Exchange Transactions	2015/16	2014/15
	Kshs	Kshs
Debtors	0	1,050
Deposits Refundable	3,922,325	822,325
Totals	<u>3,922,325</u>	<u>823,375</u>

10. Other Receivables: Exchange Transactions	2015/16	2014/15
	Kshs	Kshs
Staff Debtors	3,648,646	7,106,130
Totals	<u>3,648,646</u>	<u>7,106,130</u>

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	2015/16	2014/15
	Kshs	Kshs
11. Cash and Cash Equivalents		
Sidian (formerly K-Rep) Bank(USD)	1,498,291	5,324,685
Sidian (formerly K-Rep) Bank(Kshs)	(1,610,836)	(35,554)
Bank of Africa- Arap Moi 0004	96,963	15,321
Bank of Africa- Arap Moi 0012	2,225,579	1,525,579
Bank of Africa Bungoma branch	59,869	2,229
Bank of Baroda- Kisumu branch	49,404	49,404
BBK- CPB 2934	(25,275)	11,039
BBK- Nanyuki Children's Home	215,519	227,927
BBK-Kisii Children Home	69,401	83,745
BBK - Embu	590,000	590,000
BBK -Nanyuki branch	2,708	325,850
BBK 1330	(32,726)	35,901
BBK Fin 8484	(433,704)	0
BBK HQ 8468	(3,447,422)	15,161,172
BBK Isiolo	451,278	451,278
BBK Mama Ngina	(421,770)	74,010
BBK Muranga 1137(Donation a/c)	129,946	101,270
BBK TBP 1349	162,774	57,748
Coop Bank A/c 6900	(56,276)	(56,276)
DTB Nakuru Arap Moi 5123	55,438	9,624
Equity Bank EURO 458	283,813	283,813
Equity-cwsk-Kisii 8384	(90,610)	126,635
Equity Bank-Bungoma6992	332,012	88,071
Equity Bank (Towa)488	4,270,546	5,944,567
Equity Bank A/c 416	(298,406)	(13,900,638)
Equity Bank CESVI EUROS 478	5,951,207	3,768,166
Equity Bank Development 4154	(948,812)	1,906,735
Equity Bank KSHS(CESVI)271	(1,838,317)	858,447
Equity Bank Muranga 7226	1,148,564	522,958
Equity bank supreme 225	765,334	26,476,241
Equity Bank Usd	88,584	88,584
Equity Off A/c 458	(241,431)	1,569,169
Equity salary Account - 253	(7,836,754)	3,169,289
Family Bank Bungoma	442	442
KCB Bungoma branch	1,871	1,871
Mama Ngina -Equity Bank	(151,500)	0
NBK Mji Wasalama	451,369	1,162,921
Standard Chartered Mombasa	(109,817)	248,693
Subtotal: Bank Balances	1,351,454	56,270,916
Petty Cash	82,115	1,969,866
Total	1,433,569	58,240,782

	2015/16	2014/15
	Kshs	Kshs
12. Trustees Account		
Land and Buildings	77,367,470	66,767,470
Bank Balances	25,922,217	67,960,241
IGA Debtors	6,031,033	6,234,033
	109,320,720	140,961,744

Bank balances relate to amounts held in Imperial Bank. It was placed under statutory management by the Central Bank of Kenya (CBK) on 13th October 2015. The accounts had a total balance of kshs16,329,491 at the time.

	2015/16	2014/15
	Kshs	Kshs
13. Accounts Payable: Exchange Transactions		
Account Payables:Other Creditors	8,579,281	2,311,154
Account Payables:Pension	95,225,799	140,504,439
Account Payables:USD Creditors	0	341,950
Salary Deductions:HELB	91,998	139,036
Salary Deductions:Jogoo Coop	0	15,998
Salary Deductions:NHIF	1,031,369	1,031,369
Salary Deductions:NSSF	260,200	2,315,400
Salary Deductions:PAYE	18,957,626	22,967,140
Salary Deductions:Staff insurance	0	(49,176)
Salary Deductions:Waumini Sacco	0	604,410
Totals	124,146,272	170,181,720

	2015/16	2014/15
	Kshs	Kshs
14. Rent deposit: Exchange Transactions		
Rent Deposit	168,400.00	168,400.00
Totals	168,400.00	168,400.00

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	Kshs	Kshs
15. Employee Costs		
Payroll Costs	324,251,328	276,724,608
Staff Training	0	1,892,340
Staff Medical	0	3,370,433
Casual Labour	229,595	115,270
	<u>324,480,923</u>	<u>282,102,651</u>
	2015/16	2014/15
	Kshs	Kshs
16. Directors Fees		
Directors Expenses	3,817,200	1,023,500
	<u>3,817,200</u>	<u>1,023,500</u>
	2015/16	2014/15
	Kshs	Kshs
17. Expenses		
Awarenes Campaign	0	432,800
Capacity building & Institutional strengthening	12,509,045	9,771,135
Depreciation Charge	20,039,792	13,195,516
Education & skills development	36,223,993	29,869,383
Emergency Reponse	17,227,972	17,864,401
Family tracing & reunification	32,982,772	24,423,714
Alternative Family Care	14,914,632	25,497,191
Operating / Administrative Expenses	83,847,677	79,861,248
Save the Children Sweden	0	5,503,222
Temporary places of safety	63,868,344	59,356,492
	<u>281,614,227</u>	<u>265,775,103</u>
Comprised of:		
<i>Programmes Cost-Recurrent</i>	201,881,437	137,210,912
<i>Programmes Cost -OVC Development</i>	79,732,790	128,564,190
	<u>281,614,227</u>	<u>265,775,102</u>

