



CORRESPONDENCE COPY

TANA RIVER LIFE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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TRUST INFORMATION

Tana River Life Foundation (TRLF) is a Charitable Trust set up by Gabriel Teo Kian Chong on 13 December 2005 in Mombasa, Kenya. Gabriel has been living and working in Tana Delta District, Kenya since 1995. The Foundation was set up to continue the work started by Gabriel in a more organised and comprehensive manner. TRLF was registered as a Non governmental organisation (NGO) in Kenya on 6 December 2007. (Reg. No. OP. 218/051/2007/0440/4836).

1. **MISSION** : Its mission is to assist the marginalised attain self reliance so that they have the freedom and ability to make meaningful choices in their lives.

2. **COVERAGE** : TRLF operates from Idsowe of Garsen Division in Tana Delta District, Malindi District and Lamu District, in the Coast Province of Kenya.

3. **TRUSTEES** :
 - : Gabriel Teo Kian Chong (Malaysian)
 - : Simeon Galugalu Buya (Kenyan)
 - : Benedecto Manase Gwiyo (Kenyan)

4. **NATURE OF ACTIVITIES** : Activities are mainly directed towards the creation and expansion of educational opportunities, sustainable agricultural development, and the promotion of women and youth formation. The following activities are included:
 - : a) To sponsor and provide educational opportunities at all levels of education;
 - : b) To support new or existing educational institutions;
 - : c) To identify, initiate and support viable educational projects and;
 - : d) To identify, initiate and support viable income generating projects.

5. **BENEFICIARIES** : The main beneficiaries of TRLF programmes are members of the marginalised communities in Tana Delta, Tana River, Malindi and Lamu Districts of the Coast Province of Kenya. These include all AIDS orphans, children of subsistence farmers and nomadic pastoralists, and single parent families without any regular source of income.

6. **PROGRAMMES** : Tana River Life Foundation (TRLF) currently runs/supports the following programmes:
 - : a) Education Support Scheme at Primary, Secondary, Vocational and Tertiary levels;
 - : b) Garsen High School (Reg. GP/A/3392/2005);
 - : c) Emmaus Youth Association (Formerly Mvoni Youth Group) (Reg. No. TDD/GAR/YG/4818).
 - : d) Dziavye Women's Community Based Organisation (Reg. TRD/GAR/CBO/2770).
 - : e) Youth formation programme.
 - : f) Medical and Emergencies fund.
 - : g) Work and saving programme.
 - : i) Youth Agricultural programme.
 - : h) Study aids assistance.

TRUST INFORMATION (CONTINUED)

9. **POSTAL ADDRESS** : Tana River Life Foundation
: P.O. Box 41730 - 80100
: Mombasa - Kenya
8. **INDEPENDENT AUDITORS** : PKF Kenya
: Certified Public Accountants
: P. O. Box 90553 - 80100
: Mombasa
7. **BANKERS** : CFC Stanbic Bank Limited
: Mombasa
10. **WEBSITE** : www.tanariverlifefoundation.org
11. **SUPPORT**

Tana River Life Foundation (TRLF) activities are funded by donations in cash and kind from private individuals and institutions as well as institutions in Malaysia and Singapore.

Institutions that supported the Tana River Life Foundation (TRLF) Programmes in 2010 include:

- a) Holy Innocents High School - Singapore
- b) CHIJ St. Theresa's Convent - Singapore
- c) Crescent Girls' Secondary School Staff Support Group - Singapore
- d) Catholic High School Interact Club, Petaling Jaya - Malaysia
- e) University Tunku Abdul Rahman (UTAR) Education Council - Malaysia *
- f) Jovinas Trust - Malaysia
- g) Kitchen Capers - Singapore
- h) Palate sensations - Singapore
- i) Halia Garden - Singapore
- j) Toh Kian Chui Foundation - Singapore
- k) AEDAS Pte Ltd - Singapore
- l) Binjai Tree - Singapore
- m) Shepherd's Cove - Singapore
- n) Wesley Methodist Church Melaka - Malaysia
- o) Catholic Diocese of Melaka Johor (MAJODI) - Malaysia
- p) Catholic Church of the Nativity of the BVM - Singapore
- q) Wesley Methodist Church - Singapore

* In 2010, TRLF received two full tuition scholarships for a 1-year Foundation Course (i.e. Pre-University) at University Tunku Abdul Rahman (UTAR), a private university in Malaysia. The scholarships are valued at Ksh 375,000 each. Two TRLF youth from Idsowe village were awarded these scholarships in January 2010.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trust deed requires the trustees to prepare financial statements which give a true and fair view of the state of affairs of the Trust as at the end of the financial year and of the surplus for the year. It also requires the trustees to ensure that the Trust maintains proper accounting records which disclose with reasonable accuracy the financial position of the Trust. The trustees are also responsible for safeguarding the assets of the Trust.


The trustees accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. The Trustees are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Trust as at 31 December 2010 and of its surplus for the year then ended. The trustees further confirm the accuracy and completeness of the accounting records maintained by the Trust which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the trustees to indicate that the Trust will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the trustees on 29 Feb 2011 and signed on its behalf by:



TRUSTEE



TRUSTEE

**REPORT OF THE INDEPENDENT AUDITORS
TO THE TRUSTEES OF TANA RIVER LIFE FOUNDATION**

Report on the financial statements

We have audited the accompanying financial statements set out on pages 5 to 13 of Tana River Life Foundation, which comprise the statement of financial position as at 31 December 2010 and the income and expenditure account and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Tana River Life Foundation as at 31 December 2010 and of its income and expenditure and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal requirements

As required by the NGO Co-ordination Act (1990) we report to you, based on our audit that:

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

PKF Kenya
Certified Public Accountants
Mombasa

2-3- 2011

15/2011

Tel +254 41 2226422/3, 2315846/97, 2314007 | Mobile +254 733 563668, +254 724 563668

Fax +254 41 2224377 | Email: pkfmsa@ke.pkfea.com | www.pkfea.com

PKF Kenya | 3rd Floor, Jubilee Insurance Building, Moi Avenue | P O Box 90553, Mombasa 80100 | Kenya

Tana River Life Foundation
Financial statements
For the year ended 31 December 2010

INCOME AND EXPENDITURE ACCOUNT

		For the year ended 31 December	
	Notes	2010 Shs	2009 Shs
Donations received	1	27,001,754	22,652,215
Expenses as per trust objectives	2	(20,811,530)	(17,968,809)
Indirect expenses	3	<u>(4,374,246)</u>	<u>(4,607,788)</u>
Surplus for the year	4	<u>1,815,978</u>	<u>75,618</u>

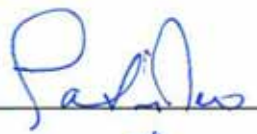
The significant accounting policies on pages 8 to 9 and the notes on pages 10 to 13 form an integral part of these financial statements.

Report of the independent auditors - page 4.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2010 Shs	2009 Shs
CAPITAL EMPLOYED			
Accumulated fund	4	<u>13,397,266</u>	<u>11,581,288</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	5	<u>5,668,735</u>	<u>5,945,539</u>
Current assets			
Cash and cash equivalents	6	7,895,233	6,006,892
Receivables		<u>148,984</u>	<u>115,900</u>
		<u>8,044,217</u>	<u>6,122,792</u>
Current liabilities			
Payables	7	<u>315,686</u>	<u>487,043</u>
Net current assets			
		<u>7,728,531</u>	<u>5,635,749</u>
		<u>13,397,266</u>	<u>11,581,288</u>

The financial statements on pages 5 to 13 were authorised for issue by the Board of Trustees on 29 Feb 2011 and were signed on its behalf by:


 _____ TRUSTEE


 _____ TRUSTEE

The significant accounting policies on pages 8 to 9 and the notes on pages 10 to 13 form an integral part of these financial statements.

Report of the independent auditors - page 4.

STATEMENT OF CASH FLOW

		For the year ended 31 December	
	Notes	2010 Shs	2009 Shs
Operating activities			
Cash from operations	8	<u>2,350,267</u>	<u>1,213,676</u>
Investing activities			
Cash paid for purchase of property, plant and equipment	5	<u>(461,926)</u>	<u>(2,602,592)</u>
Net cash used in investing activities		<u>(461,926)</u>	<u>(2,602,592)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,888,341</u>	<u>(1,388,916)</u>
Movement in cash and cash equivalents			
At start of year		6,006,892	7,395,808
Increase/(decrease)		<u>1,888,341</u>	<u>(1,388,916)</u>
At end of year	6	<u>7,895,233</u>	<u>6,006,892</u>

The significant accounting policies on pages 8 to 9 and the notes on pages 10 to 13 form an integral part of these financial statements.

Report of the independent auditors - page 4.

NOTES

SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and IFRC interpretations.

b) Income recognition

Donations received are accounted for on a receipt basis. Due to the nature of such income the accruals basis is not appropriate.

c) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income and expenditure account financial period in which they are incurred.

Property, plant and equipment received by way of gifts or donations are capitalised at a reasonable estimate of their value to the mission. The corresponding credit is taken to the capital fund.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Bus	25
Office equipment	12.5
Computer equipment	30

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining deficit/surplus for the year.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount.

Capital expenditure projects undertaken during the course of the year and not completed as at the balance sheet date are classified as work in progress. The total amounts is transferred to and amalgamated with the appropriate asset category in the year of completion. Capital work in progress is not depreciated while classified as such.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (functional currency), at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure account in the period in which they arise.

e) Financial liabilities

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

NOTES (CONTINUED)

1. Donations received	2010 Shs	2009 Shs
Jovinas Trust (Administration Expenses) - Malaysia	2,364,987	1,841,574
Jovinas Trust (GHS Laboratory) - Malaysia	783,750	1,431,770
Jovinas Trust (GHS Library & Bakery) - Malaysia	1,154,723	-
Catholic Diocese of Melaka - Johor (MAJODI) - Malaysia	1,228,761	1,077,292
Private individual donors	14,149,617	14,344,527
Contact Global Ltd	-	515,478
Wesley Methodist Church Melaka - Malaysia	115,449	106,263
Wesley Methodist Church - Singapore	1,419,660	779,722
CHIJ St. Theresa's Convent, Singapore	74,352	123,658
Women's Society for Christian Service, Singapore	-	409,872
Anonymous foundation	2,626,853	763,654
Friends from Accenture (Singapore)	-	52,678
Shepherd's Cove, Singapore	156,860	-
Staff of Crescent Girls' School, Singapore	59,215	-
Catholic High School, Petaling Jaya - Malaysia	46,195	-
Palate Sensations, Singapore	77,018	-
Kitchen Capers, Singapore	11,137	-
Toh Kian Chui Foundation - Singapore	1,136,449	-
Bank interest	145,278	165,690
Local contribution	1,451,450	1,040,037
	<u>27,001,754</u>	<u>22,652,215</u>
2. Expenses as per trust objectives		
Agriculture project	2,217,246	973,999
Dziavye CBO	432,596	772,773
Garsen High School Aid	4,650,918	5,266,069
School Holiday programmes (meetings/remedial tuitions)	113,680	113,650
Mvoni Youth House - Mombasa	475,710	481,245
Mvoni Youth House - Eldoret and Mpeketoni	514,821	141,159
Mvoni Youth House - Nairobi	618,151	500,494
Mvoni Youth House - Idsowe	460,019	403,011
Primary school programme	69,375	83,525
Secondary school programme	3,149,742	2,475,407
District Education Enhancement	705,393	1,269,113
Medical and Emergencies fund	318,195	164,068
Emmaus Youth Association	-	71,500
Youth formation programme	1,207,202	1,588,926
Tertiary and Vocational education programme	4,066,786	3,132,003
Study aid expenses	694,327	531,867
Youth Excursion and Courses	1,117,369	-
	<u>20,811,530</u>	<u>17,968,809</u>

NOTES (CONTINUED)

3. Indirect expenses	2010 Shs	2009 Shs
Air fare	234,125	135,148
Audit fees	222,546	199,346
Bank charges	88,357	74,654
Electricity	40,438	86,140
Generator expenses	-	50,364
Bus running expenses	1,353,608	1,331,603
Local travelling expenses	450,316	510,980
Office expenses	177,466	220,784
Professional fees	1,000	31,000
Staff salaries	326,515	153,650
Telephone	92,478	103,238
Repairs and maintenance	155,926	103,065
Office rent	114,600	96,000
Depreciation on equipment (Note 5)	738,730	953,501
Foreign exchange loss	315,594	558,315
Fund raising expenses	62,547	-
	<u>4,374,246</u>	<u>4,607,788</u>

4. Accumulated fund		
At start of year	11,581,288	11,505,670
Surplus for the year	<u>1,815,978</u>	<u>75,618</u>
At end of year	<u>13,397,266</u>	<u>11,581,288</u>

5. Property, plant and equipment

Year ended 31 December 2010

	Capital work in progress Shs	Bus Shs	Computer equipment Shs	Office equipment Shs	Total Shs
Cost					
At start of year	2,665,746	4,261,301	134,466	1,002,669	8,064,182
Additions	<u>425,000</u>	<u>-</u>	<u>36,926</u>	<u>-</u>	<u>461,926</u>
At end of year	<u>3,090,746</u>	<u>4,261,301</u>	<u>171,392</u>	<u>1,002,669</u>	<u>8,526,108</u>
Depreciation					
At start of year	-	1,784,444	88,344	245,855	2,118,643
Charge for the year	<u>-</u>	<u>619,214</u>	<u>24,914</u>	<u>94,602</u>	<u>738,730</u>
At end of year	<u>-</u>	<u>2,403,658</u>	<u>113,258</u>	<u>340,457</u>	<u>2,857,373</u>
Net book value	<u>3,090,746</u>	<u>1,857,643</u>	<u>58,134</u>	<u>662,212</u>	<u>5,668,735</u>

Capital work in progress relates to construction of a school not yet completed by the balance sheet date.

NOTES (CONTINUED)

5. Property, plant and equipment (continued)

Year ended 31 December 2009

	Capital work in progress Shs	Bus Shs	Computer equipment Shs	Office equipment Shs	Total Shs
Cost					
At start of year	2,380,794	2,191,600	134,466	754,730	5,461,590
Additions	284,952	2,069,701	-	247,939	2,602,592
At end of year	<u>2,665,746</u>	<u>4,261,301</u>	<u>134,466</u>	<u>1,002,669</u>	<u>8,064,182</u>
Depreciation					
At start of year	-	958,825	68,578	137,739	1,165,142
Charge for the year	-	825,619	19,766	108,116	953,501
At end of period	-	<u>1,784,444</u>	<u>88,344</u>	<u>245,855</u>	<u>2,118,643</u>
Net book value	<u>2,665,746</u>	<u>2,476,857</u>	<u>46,122</u>	<u>756,814</u>	<u>5,945,539</u>

6. Cash and cash equivalents

	2010 Shs	2010 Shs
Cash and bank balance	584,265	841,202
Fixed deposit	<u>7,310,968</u>	<u>5,165,690</u>
	<u>7,895,233</u>	<u>6,006,892</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise the above balances.

7. Payables

	2010 Shs	2010 Shs
Other payables	<u>315,686</u>	<u>487,043</u>

In the opinion of trustees, the carrying amounts of payables approximate to their fair value.

NOTES (CONTINUED)

8. Cash from operations	2010 Shs	2010 Shs
Reconciliation of surplus for the year to cash from operations:		
Surplus for the year	1,815,977	75,618
Adjustments for:		
Depreciation (Note 5)	738,730	953,501
Changes in working capital		
- receivables	(33,083)	(115,900)
- payables	<u>(171,357)</u>	<u>300,457</u>
Cash from operations	<u><u>2,350,267</u></u>	<u><u>1,213,676</u></u>

9. Tax

The Trust is in the process of applying for tax exemption.

10. Presentation currency

These financial statements are presented in Kenya Shillings (Shs).
