



Accountants &  
business advisers

MASTER COPY

**TANA RIVER LIFE FOUNDATION  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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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 in Tana Delta District, Kenya since 1995. The Foundation was set up to continue the work started by Gabriel in 1995 in a more organised and comprehensive manner. Tana River Life Foundation 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 River County, as well as in the neighbouring counties of Malindi and Lamu in Kenya.
  
3. **TRUSTEES** : Gabriel Teo Kian Chong (Malaysian)  
: Benedict Kazungu Kambi (Kenyan)  
: Benedecto Manase Gwiyo (Kenyan)  
: Tracy Haigo Jilo (Kenyan)
  
4. **NATURE OF ACTIVITIES** : Activities are mainly directed towards building a more just and honest society leading to a more complete humanity.  
  
Key areas are:  
  
: a) Education - Improving Access, Affordability and Quality  
: b) Promote sustainable agriculture to improve nutrition and generate income;  
: c) Entrepreneurship - Community-based schemes geared towards self-reliance  
: d) Formation of youth - nurturing community leaders with good judgement and conscience
  
5. **BENEFICIARIES** : The main beneficiaries of TRLF programmes are members of the marginalised communities in Tana River, Malindi and Lamu Counties 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 Pre-Primary, Primary, Secondary, Vocational and Tertiary levels;  
: b) Delta Education Enhancement (DEE) benefiting Public Primary and Secondary Schools in Tana Delta Sub-county.  
: c) Mitumba Project for needy mothers with children in School (MTB)  
: d) Youth Formation Programme (YFP)  
: e) Medical & Emergencies Fund (MEF)  
: f) Sustainable Agriculture Programme for Youth (SHB)  
: g) Community Living in TRLF Homes in Nairobi, Mombasa and Idsowe (MVH)  
: h) Emmaus Centre Project (ECP) - an integrated human resource development centre to promote learning and sustainable community development.  
: i) Delta Mustard Seed Academy (DEMSA) (Reg. No. PE/11272/14)

**TRUST INFORMATION (CONTINUED)**

7. **POSTAL ADDRESS** : Tana River Life Foundation  
: P.O. Box 41730 - 80100  
: Mombasa - Kenya
8. **INDEPENDENT AUDITOR** : PKF Kenya  
: Certified Public Accountants  
: P. O. Box 90553 - 80100  
: Mombasa
9. **PRINCIPAL BANKER** : CfC Stanbic Bank Limited  
: Mombasa
10. **WEBSITE** : [www.tanariverlifefoundation.org](http://www.tanariverlifefoundation.org) & [www.tanariverlife.wordpress.com](http://www.tanariverlife.wordpress.com)

**11. SUPPORT**

Tana River Life Foundation activities are funded by donations in cash and kind from private individuals, educational and religious institutions, charitable organizations and private and public corporations, mainly from Malaysia and Singapore.

Institutions that supported Tana River Life Foundation (TRLF) Programmes in 2015 include:

- 1 Wesley Methodist Melaka Malaysia
- 2 Wesley Methodist Singapore
- 3 TRLF Pte Ltd
- 4 Shepherd's Cove, Singapore
- 5 Wesley Methodist Johor Bahru Malaysia
- 6 Jonaron Foundation
- 7 Estate of Evelyn von Schoonback
- 8 Madrinha Trust UK
- 9 Maris Stella High School (Librarians) Singapore
- 10 Global Giving Foundation Inc. USA
- 11 Meto Expeditions - Kenya
- 12 Holywell Foundation Ltd Singapore
- 13 PIL Singapore
- 14 Logwin Air + Ocean Singapore Pte Ltd
- 15 Armadillo Pest Quest Pte Ltd
- 16 Benel Singapore Pte Ltd
- 17 GE Singapore Pte Ltd
- 18 Hogan Lovells Lee & Lee, Singapore
- 19 Radiance Communications Singapore Pte Ltd
- 20 Aegis Building & Engineering Pte Ltd
- 21 AEDAS Singapore Pte Ltd
- 22 Church of Nativity of the Blessed Virgin Mary, Singapore
- 23 CHIJ St. Theresa's Convent (Staff) Singapore
- 24 Cresecent Girls' School (Staff) Singapore
- 25 Universiti Tunku Abdul Rahman (UTAR) Malaysia

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**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees 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.

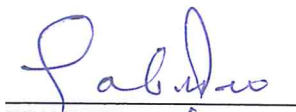
The trustees accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

The trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the trust as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard.

Nothing has come to the attention of the trustees to indicate that Tana River Life Foundation 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 30-06- 2016 and signed on its behalf by:

  
\_\_\_\_\_  
TRUSTEE

  
\_\_\_\_\_  
TRUSTEE

**REPORT OF THE INDEPENDENT AUDITOR  
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 16 of Tana River Life Foundation which comprise the statement of financial position as at 31 December 2015 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 information.

**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 judgment, 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 Tana River Life Foundation as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the NGO co-ordination Act (1990).

**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

30-06-2016

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Erick Mbutia Njuguna P/No. 2061

242/2016

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Partners: Rajan Shah, Atul Shah, Alpesh Vadher, Piyush Shah, Ritesh Mirchandani\*, David Kabebere, Ketan Shah\*\*, Nishith Shah, Larian Abreu, Jalpesh Shah, Erick Njuguna, Michael Mburugu, Asif Chaudhry, Salim Alibhai, Patrick Kuria, Darshan Shah, Gurmit Santokh (\*Indian, \*\*British)

PKF Kenya is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

*Tana River Life Foundation*  
*Annual report and financial statements*  
*For the year ended 31 December 2015*

**INCOME AND EXPENDITURE ACCOUNT**

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	<b>Notes</b>	<b>2015 Shs</b>	<b>2014 Shs</b>
Donations received	2	63,867,778	48,596,839
Other operating income	3	1,051,464	219,236
Expenses as per trust objectives	4	(27,230,458)	(20,776,795)
Indirect expenses	5	(6,418,614)	(6,844,205)
Finance costs	6	<u>(52,742)</u>	<u>(672,542)</u>
<b>Surplus for the year</b>		<u><u>31,217,428</u></u>	<u><u>20,522,533</u></u>

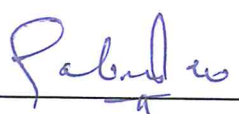
The notes on pages 8 to 13 form an integral part of these financial statements.

Report of the independent auditor - page 4.

**STATEMENT OF FINANCIAL POSITION**

		As at 31 December	
	Notes	2015 Shs	2014 Shs
<b>CAPITAL EMPLOYED</b>			
Accumulated fund	8	<u>99,737,959</u>	<u>68,520,531</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>84,746,678</u>	<u>66,124,525</u>
<b>Current assets</b>			
Receivables	11	5,226,787	-
Cash and cash equivalents	12	<u>10,022,942</u>	<u>3,842,865</u>
		<u>15,249,729</u>	<u>3,842,865</u>
<b>Current liabilities</b>			
Payables	13	258,448	544,406
Borrowings	9	<u>-</u>	<u>902,453</u>
		<u>258,448</u>	<u>1,446,859</u>
<b>Net current assets</b>		<u>14,991,281</u>	<u>2,396,006</u>
		<u>99,737,959</u>	<u>68,520,531</u>

The financial statements on pages 5 to 13 were approved and authorised for issue by the Board of Trustees on 30-06-2016 and were signed on its behalf by:

 TRUSTEE

 TRUSTEE

The notes on pages 8 to 13 form an integral part of these financial statements.

Report of the independent auditor - page 4.



**STATEMENT OF CASH FLOWS**

	Notes	2015 Shs	2014 Shs
<b>Cash flows from operating activities</b>			
Surplus for the year		31,217,428	20,522,533
<b>Adjustments for:</b>			
Depreciation on plant and equipment	10	999,237	827,613
Interest expense		52,742	672,542
Changes in working capital			
- receivables		(5,226,787)	2,680,000
- payables		(285,958)	189,921
Interest paid		(52,742)	(672,542)
Net cash from operating activities		<u>26,703,920</u>	<u>24,220,067</u>
<b>Cash flows from investing activities</b>			
Cash paid for purchase of plant and equipment	10	<u>(19,621,390)</u>	<u>(31,074,483)</u>
Net cash used in investing activities		<u>(19,621,390)</u>	<u>(31,074,483)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<u>(902,453)</u>	<u>(755,571)</u>
Net cash used in financing activities		<u>(902,453)</u>	<u>(755,571)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>6,180,077</u>	<u>(7,609,987)</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		3,842,865	11,452,852
Increase/(decrease)		<u>6,180,077</u>	<u>(7,609,987)</u>
At end of year	12	<u>10,022,942</u>	<u>3,842,865</u>

The notes on pages 8 to 13 form an integral part of these financial statements.

Report of the independent auditor - page 4.

**NOTES: SIGNIFICANT ACCOUNTING POLICIES**

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

**1. a) Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

**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.

Interest income is accrued by reference to time.

**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. Property, plant and equipment received by way of gifts or donations are capitalised at a reasonable estimate of their value to the foundation.

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 during the financial period in which they are incurred.

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

The asset's carrying amounts are written down immediately to their recoverable amount if the carrying amount is greater than their estimated recoverable amount.

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 surplus/deficit for the year.

Capital expenditure projects undertaken during the course of the year and not completed as at the reporting 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.

**d) Receivables**

Receivables are recognised at the transaction price.

At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, and at bank.

**f) Borrowings**

All borrowing costs are recognised in the income and expenditure account in the period in which they are incurred.

**g) Payables**

Payables are recognised initially at the transaction price. They are obligations on the basis of normal credit terms and do not bear interest.

**h) Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at rates ruling at the transaction dates. Assets and liabilities at the date of this report 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.

**i) Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**j) Retirement benefit obligations**

The foundation and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The centre's contributions to the defined contribution scheme are charged to income and expenditure account in the year to which they relate.

**k) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**NOTES (CONTINUED)**

2. Donations received	2015	2014
	Shs	Shs
a) Cash donation		
Private individual donors	29,839,931	32,673,567
Wesley Methodist Melaka	129,417	135,538
Wesley Methodist Singapore	334,233	651,952
Friends from St. Teresa's Convent	361,404	390,806
Ubuntu II Fundraising Dinner	13,770,565	-
Shepherd's Cove, Singapore	141,061	347,876
Local contribution	3,565,126	3,030,410
Staff of Crescent Girls' School, Singapore	-	-
Staff of Holy Innocents' High School - Singapore	-	62,609
Wesley Methodist Johor Bahru	129,417	135,493
Women's Society for Christian Service, Singapore	-	371,039
Jonaron Foundation - Malaysia	11,230,944	7,561,845
St. Josephs Institution, Singapore	-	69,575
Estate of Evelyn von Schoonback	1,410,900	139,150
Poly Electronics Service Co., Singapore	-	180,948
Aegis Building & Engineering, Singapore	-	556,602
Anson International Management Services, Singapore	-	139,150
Madrinha Trust	1,275,660	1,468,656
Mari's Stella High School Librarians	232,780	196,204
Global Giving - USA	207,297	475,619
Meto Expeditions - Kenya	4,500	9,800
Holywell Foundation Limited	881,816	-
TRLF Pte Limited	352,727	-
	<u>63,867,778</u>	<u>48,596,839</u>

b) Donation in kind

Universiti Tunku Abdul Rahman (UTAR) in Malaysia has granted ten (10) undergraduate scholarships in the form of financial aid for full-tuition fees to students from Tana Delta nominated by TRLF. Each scholarships is valued at approximately KES 2 million (US\$ 23,000). Since 2010, eight of these scholarships have been awarded to deserving students from Tana Delta.

The catholic Parish of the Nativity of the Blessed Virgin Mary in Hougang Singapore hosted for the seventh year the team from TRLF who were in Singapore over a three month period to collect items for both the Mitumba and the Delta Education Enhancement Projects. Logistical support was provided by the staff from both Nativity church as well as the Nativity church Kindergarten.

3. Other operating income

	2015	2014
	Shs	Shs
Bank interest	<u>1,051,464</u>	<u>219,236</u>

**NOTES (CONTINUED)**

4. Expenses as per trust objectives	2015 Shs	2014 Shs
Agriculture project	1,446,086	828,710
Dziavye CBO	429,943	1,312,830
Mvoni Youth House - Mombasa	904,357	725,741
Mvoni Youth House - Nairobi	531,925	625,055
Mvoni Youth House - Idsowe	606,832	507,786
Primary school programme	44,316	20,930
Secondary school programme	7,347,686	5,659,440
Delta Education Enhancement	4,712,369	2,594,124
Medical and Emergencies fund	775,520	382,551
Youth formation programme	1,431,268	1,081,016
Tertiary and Vocational education programme	5,998,252	5,392,138
Study aid expenses	860,128	619,658
Delta Mustard Seed Academy	2,726,930	1,026,816
	<u>27,815,612</u>	<u>20,776,795</u>
<b>5. Indirect expenses</b>		
Air fare	100,834	141,703
Audit fees		
- Current year	258,448	258,448
- Over provision in prior years	(11,600)	-
Bank charges	141,561	146,090
Electricity and generator expenses	59,382	142,270
Vehicle running expenses	2,509,736	1,961,884
Local travelling expenses	565,055	578,852
Office expenses	177,999	164,618
Professional fees	50,200	2,000
Staff salaries	1,133,598	1,053,490
Immigration and work permits	22,900	-
Telephone	134,788	141,198
Repairs and maintenance	146,133	166,546
Office rent	180,000	120,000
Depreciation on plant and equipment (Note 10)	999,237	827,613
Foreign exchange(gain)/loss	(1,188,094)	966,070
Fund raising expenses	54,099	173,423
Fund TRLF Pte Limited	350,000	-
Service charge	149,184	-
	<u>5,833,460</u>	<u>6,844,205</u>
<b>6. Finance costs</b>		
Interest on finance leases	<u>52,742</u>	<u>672,542</u>
<b>7. Tax</b>		

The Foundation was granted Income Tax Exempt status by the Kenya Revenue Authority (KRA) for a period of 5 years w.e.f 24th April 2013. It was duly issued with Tax Exemption Certificate No:20130424/1776.

**NOTES (CONTINUED)**

<b>8. Accumulated fund</b>	<b>2015</b>	<b>2014</b>
At start of year	68,520,531	47,997,998
Surplus for the year	31,217,428	20,522,533
At end of year	<u>99,737,959</u>	<u>68,520,531</u>

**9. Borrowings**

Finance leases	<u>-</u>	<u>902,453</u>
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**10. Property, plant and equipment**

Year ended 31 December 2015

	Capital work in progress Shs	Motor vehicles Shs	Computer equipment Shs	Office equipment Shs	Furniture and fittings Shs	Total Shs
<b>Cost</b>						
At start of year	63,252,149	7,191,670	171,392	1,482,337	-	72,097,548
Additions	17,430,314	740,000	-	99,611	1,351,465	19,621,390
At end of year	<u>80,682,463</u>	<u>7,931,670</u>	<u>171,392</u>	<u>1,581,948</u>	<u>1,351,465</u>	<u>91,718,938</u>
<b>Depreciation</b>						
At start of year	-	5,004,439	169,088	799,496	-	5,973,023
Charge for the year	-	731,807	691	97,806	168,933	999,237
At end of year	<u>-</u>	<u>5,736,246</u>	<u>169,779</u>	<u>897,302</u>	<u>168,933</u>	<u>6,972,260</u>
<b>Net book value</b>						
<b>As at 31 December 2015</b>	<u>80,682,463</u>	<u>2,195,424</u>	<u>1,613</u>	<u>684,646</u>	<u>1,182,532</u>	<u>84,746,678</u>
<b>As at 31 December 2014</b>	<u>63,252,149</u>	<u>2,187,231</u>	<u>2,304</u>	<u>682,841</u>	<u>-</u>	<u>66,124,525</u>

Capital work in progress relates to construction of an education and community development centre (Emmaus Centre Project or ECP). The ECP has not yet completed by the date of this report.

The carrying amount of the Foundation's property and equipment includes the following amounts in respect of assets held under finance leases.

	<b>2015</b>	<b>2014</b>
	<b>Shs</b>	<b>Shs</b>
Bus	<u>-</u>	<u>2,125,837</u>

**11. Other receivables**

Other receivables	<u>5,226,787</u>	<u>-</u>
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Included in other receivables is Shs 3 million advance payment for the new bus.

**NOTES (CONTINUED)**

12. Cash and cash equivalents	2015 Shs	2014 Shs
Cash at bank and in hand	<u>10,022,942</u>	<u>3,842,865</u>
The carrying amounts of the foundation's cash and cash equivalents are denominated in the following currencies:		
Kenya Shilling	9,967,396	3,637,994
US Dollar	<u>55,546</u>	<u>204,871</u>
	<u>10,022,942</u>	<u>3,842,865</u>
13. Payables		
Other payables	<u>258,448</u>	<u>544,406</u>
14. Capital commitments		
Capital expenditure contracted for at the end of reporting period but not recognised in the financial statements is as follows:		
Emmaus Centre Project (ECP):		
Phase 1	23,000,000	16,000,000
Phase 2	<u>4,000,000</u>	<u>15,925,517</u>
	<u>27,000,000</u>	<u>31,925,517</u>
<b>Operating lease commitments - as a lessee</b>		
The future minimum lease payments payable under non-cancellable operating leases are as follows:		
Not later than 1 year	912,600	787,200
Later than 1 year and not later than 5 years	<u>180,000</u>	<u>360,000</u>
	<u>1,092,600</u>	<u>1,147,200</u>

**15. Presentation currency**

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