



Accountants &
business advisers

CORRESPONDENCE COPY

**TANA RIVER LIFE FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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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. 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 River County, as well as in the neighbouring counties of Malindi and Lamu in 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 building a more just and honest society leading to a more complete humanity.
Areas of activities include the following:
 - : a) Providing opportunities for quality education from nursery to adult education;
 - : b) Use of sustainable agriculture to improve nutrition and generate income;
 - : c) Promoting youth and women's entrepreneurial schemes;
 - : d) Enhancing youth formation programmes to build the moral character
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) 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 (YFP)
 - : f) Medical & Emergencies Fund (MEF)
 - : g) Youth Entrepreneurial Scheme (YES)
 - : h) Sustainable Agriculture Programme for Youth (SHB)
 - : i) Community Living in TRLF Homes in Nairobi, Eldoret, Mombasa and Idsowe
 - : j) Emmaus Centre Project (ECP) - an integrated human resource development centre to promote learning and sustainable community development.

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 & 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 2011 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 - Singapore
- e) University Tunku Abdul Rahman (UTAR) Education Council - Malaysia
- f) Jonaron Foundation (formerly Jovinas Trust) - Malaysia
- g) The Shepherd's Cove - Singapore
- h) Toh Kian Chui Foundation - Singapore
- i) The Binjai Tree - Singapore
- j) AEDAS Pte Ltd - Singapore
- k) ARUP Singapore Pte Ltd - Singapore
- l) LAC Engineers & Associates - Singapore
- m) KPK Quantity Surveyors - Singapore
- n) Gallery Helios Pte Ltd - Singapore
- o) Kitchen Capers - Singapore
- p) Palate Sensations - Singapore
- q) Halia Restaurant - Singapore
- r) Xotiq Chocolatier - Singapore
- s) Wesley Methodist Church Melaka - Malaysia
- t) Catholic Diocese of Melaka Johor (MAJODI) - Malaysia
- u) Catholic Church of the Nativity of the BVM - Singapore
- v) Wesley Methodist Church - Singapore
- w) Women's Society for Christian Services - Singapore

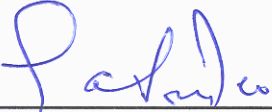
STATEMENT OF TRUSTEES RESPONSIBILITIES

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.

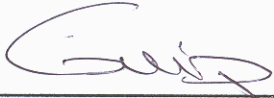
The trustees accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. The Trustees are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Trust as at 31 December 2011 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 17-April 2012 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 14 of Tana River Life Foundation, which comprise the statement of financial position as at 31 December 2011 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 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 2011 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.


**Certified Public Accountants
Mombasa**

11-5- 2012

145/2012

Tel +254 41 2226422/3, 2315846/97, 2314007, 2313269, 2315853, 2315138, 2223167, 2221712, 2229682

Mobile +254 733 563668, +254 724 563668

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

PKF Kenya | 1st Floor, Pereira Building (next to Jubilee Insurance Building), Pramukh Swami Maharaj Road. | P O Box 90553, Mombasa 80100 | Kenya

Partners: Sunirmal Mitra*, Harish Shah, Rajan Shah, Atul Shah, Alpesh Vadher, Piyush Shah, Ketan Shah**, Joseph Gichuki, David Kabeberi, Ritesh Mirchandani*
Martin Kisuu, Subhash Devani, Nagin Shah, Vijay Malde, Nishith Shah (*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.

INCOME AND EXPENDITURE ACCOUNT

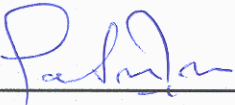
	Notes	2011 Shs	2010 Shs
Donations received	1	23,394,288	27,001,754
Expenses as per trust objectives	2	(15,293,169)	(20,845,845)
Indirect expenses	3	<u>(5,866,148)</u>	<u>(4,339,931)</u>
Surplus for the year	4	<u><u>2,234,971</u></u>	<u><u>1,815,978</u></u>

The significant accounting policies on pages 8 to 10 and the notes on pages 11 to 14 form an integral part of these financial statements.

Report of the independent auditor - page 4.

	Notes	As at 31 December	
		2011 Shs	2010 Shs
CAPITAL EMPLOYED			
Accumulated fund	4	<u>15,632,237</u>	<u>13,397,266</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	5	<u>4,805,386</u>	<u>5,668,735</u>
Current assets			
Cash and cash equivalents	6	11,058,397	7,895,233
Receivables		<u>-</u>	<u>148,984</u>
		<u>11,058,397</u>	<u>8,044,217</u>
Current liabilities			
Payables	7	<u>231,546</u>	<u>315,686</u>
Net current assets			
		<u>10,826,851</u>	<u>7,728,531</u>
		<u>15,632,237</u>	<u>13,397,266</u>

The financial statements on pages 5 to 14 were authorised for issue by the Board of Trustees on 17 April 2012 and were signed on its behalf by:


 _____ TRUSTEE


 _____ TRUSTEE

The significant accounting policies on pages 8 to 10 and the notes on pages 11 to 14 form an integral part of these financial statements.

Report of the independent auditor - page 4.

STATEMENT OF CASH FLOWS

	Notes	2011 Shs	2010 Shs
Operating activities			
Cash from operations	8	<u>3,564,328</u>	<u>2,350,267</u>
Investing activities			
Cash paid for purchase of property, plant and equipment	5	<u>(401,164)</u>	<u>(461,926)</u>
Net cash used in investing activities		<u>(401,164)</u>	<u>(461,926)</u>
Increase in cash and cash equivalents		<u><u>3,163,164</u></u>	<u><u>1,888,341</u></u>
Movement in cash and cash equivalents			
At start of year		7,895,233	6,006,892
Increase		<u>3,163,164</u>	<u>1,888,341</u>
At end of year	6	<u><u>11,058,397</u></u>	<u><u>7,895,233</u></u>

The significant accounting policies on pages 8 to 10 and the notes on pages 11 to 14 form an integral part of these financial statements.

Report of the independent auditor - 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.

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

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.

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 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.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **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.

e) **Financial instruments**

- Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through income and expenditure account. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in income and expenditure account.

The foundation's financial assets which include trade and other receivables, and cash and bank fall into the following categories:

Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method. Changes in the carrying amount are recognised in income and expenditure account.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the foundation commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the foundation has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

Subsequent recoveries of amounts previously written off/impaired are credited to the income and expenditure account in the year in which they occur.

- Financial liabilities

The foundation financial liabilities which include trade and other payables fall into the following categories:

Other financial liabilities: These include trade and other payables. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

All financial liabilities are classified as current liabilities unless the foundation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the foundation's obligations are discharged, cancelled or expired.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) 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.

NOTES (CONTINUED)

1. Donations received	2011 Shs	2010 Shs
Jovinas Trust (Malaysia) - administration expenses	2,426,878	2,364,987
Jovinas Trust (Malaysia) - GHS laboratory	-	783,750
Jovinas Trust (Malaysia) - 2010 GHS Library & Bakery	-	1,154,723
Romano Babini (through Jovinas Trust)	1,174,867	-
Catholic Diocese of Melaka - Johor (Majodi)	281,536	1,228,761
Private individual donors	12,668,284	14,149,617
Wesley Methodist Melaka	142,964	115,449
Wesley Methodist Singapore	1,413,469	1,419,660
St. Teresa's Convent	91,740	74,352
Women's Society for Christian Service, Singapore	400,109	0.00
Anonymous foundation	2,081,329	2,626,853
Shepherd's Cove, Singapore	223,980	156,860
Staff of Crescent Girls' School, Singapore	-	59,215
Catholic High School, Petaling Jaya	-	46,195
Palate Sensations, Singapore	367,096	77,018
Kitchen Capers, Singapore	6,880	11,137
Xotiq Chocolatier	22,703	-
Gallery Helios Pte Ltd	175,430	-
Toh Kian Chui Foundation	-	1,136,449
Bank interest	192,383	145,278
Foreign exchange gain	165,845	-
Local contribution	1,558,795	1,451,450
	<u>23,394,288</u>	<u>27,001,754</u>
2. Expenses as per trust objectives		
Agriculture project	1,725,517	2,243,561
Dziavye CBO	485,686	432,596
Garsen High School Aid	496,815	4,650,918
School Holiday programmes (meetings/remedial tuitions)	130,557	113,680
Mvoni Youth House - Mombasa	504,710	475,710
Mvoni Youth House - Eldoret and Mpeketoni	302,280	514,821
Mvoni Youth House - Nairobi	429,113	618,151
Mvoni Youth House - Idsowe	545,256	468,019
Primary school programme	4,250	69,375
Secondary school programme	3,574,533	3,149,742
District Education Enhancement	567,819	705,393
Medical and Emergencies fund	364,881	318,195
Youth formation programme	524,500	1,207,202
Tertiary and Vocational education programme	4,646,629	4,066,786
Study aid expenses	205,865	694,327
Youth Excursion and Courses	784,758	1,117,369
	<u>15,293,169</u>	<u>20,845,845</u>

NOTES (CONTINUED)

3. Indirect expenses	2011 Shs	2010 Shs			
Air fare	39,165	234,125			
Audit fees	213,546	222,546			
Bank charges	130,886	88,357			
Electricity	74,301	40,438			
Bus running expenses	2,424,826	1,353,608			
Local travelling expenses	487,862	450,316			
Office expenses	124,146	177,466			
Professional fees	41,030	1,000			
Staff salaries	658,001	292,200			
Telephone	72,033	92,478			
Repairs and maintenance	118,875	155,926			
Office rent	125,000	114,600			
Depreciation on equipment (Note 5)	1,264,513	738,730			
Foreign exchange loss	-	315,594			
Fund raising expenses	91,964	62,547			
	<u>5,866,148</u>	<u>4,339,931</u>			
4. Accumulated fund					
At start of year	13,397,266	11,581,288			
Surplus for the year	<u>2,234,971</u>	<u>1,815,978</u>			
At end of year	<u>15,632,237</u>	<u>13,397,266</u>			
5. Property, plant and equipment					
Year ended 31 December 2011					
	Capital work in progress Shs	Bus Shs	Computer equipment Shs	Office equipment Shs	Total Shs
Cost					
At start of year	3,090,746	4,261,301	171,392	1,002,669	8,526,108
Additions	<u>221,670</u>	<u>-</u>	<u>-</u>	<u>179,494</u>	<u>401,164</u>
At end of year	<u>3,312,416</u>	<u>4,261,301</u>	<u>171,392</u>	<u>1,182,163</u>	<u>8,927,272</u>
Depreciation					
At start of year	-	2,403,658	113,258	340,457	2,857,373
Charge for the year	<u>-</u>	<u>1,065,325</u>	<u>51,418</u>	<u>147,770</u>	<u>1,264,513</u>
At end of year	<u>-</u>	<u>3,468,983</u>	<u>164,676</u>	<u>488,227</u>	<u>4,121,886</u>
Net book value	<u>3,312,416</u>	<u>792,318</u>	<u>6,716</u>	<u>693,936</u>	<u>4,805,386</u>

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

NOTES (CONTINUED)

5. Property, plant and equipment (continued)

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	425,000	-	36,926	-	461,926
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	-	619,214	24,914	94,602	738,730
At end of period	-	<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>

6. Cash and cash equivalents

	2011 Shs	2010 Shs
Cash at bank and in hand	<u>11,058,397</u>	<u>7,895,233</u>

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the above.

The carrying amounts of the foundation's cash and cash equivalents are denominated in the following currencies:

	2011 Shs	2010 Shs
Kenya Shillings	10,758,250	7,737,504
US Dollar	<u>300,147</u>	<u>157,729</u>
	<u>11,058,397</u>	<u>7,895,233</u>

The foundation's bank balances are held with a major Kenyan financial institution and insofar as the trustees are able to measure any credit risk to these assets, it is deemed to be limited.

7. Payables

	2011 Shs	2010 Shs
Other payables	<u>231,546</u>	<u>315,686</u>

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

The maturity analysis of trade and other payables is within 1 to 3 months.

NOTES (CONTINUED)

8. Cash from operations	2011 Shs	2010 Shs
Reconciliation of surplus for the year to cash from operations:		
Surplus for the year	2,234,971	1,815,977
Adjustments for:		
Depreciation (Note 5)	1,264,513	738,730
Changes in working capital:		
- receivables	148,984	(33,083)
- payables	(84,140)	(171,357)
Cash from operations	<u>3,564,328</u>	<u>2,350,267</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).
