
NAIROBI CHAPEL – MAVUNO

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2008

NAIROBI CHAPEL – MAVUNO
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NAIROBI CHAPEL – MAVUNO
ELDERS COURT AND PROFESSIONAL ADVISERS

Elders' Court

The members serving as at the end of the year were: -

Gerald Macharia	-Chairman
Athony Okoth	-Secretary
James Kaniaru	-Treasurer
Walter Jaoko	-Member
Oscar Muriu	-Member
Muriithi Wanjau	-Member
Godwin Wangong'u	-Member

Independent Auditor

Thomas and Associates
Certified Public Accountants (Kenya)
P O Box 70872 - 00400
Nairobi
Tel: +254-020-2720102

Bankers

Commercial Bank of Africa
CBA Building
P.O. Box 30437
Nairobi.

National Industrial Credit Bank Limited
City Center Branch
P.O. Box 30090 – 00100
Nairobi.

Equity Bank
NHIF Branch
P.O Box 75104 - 00200
Nairobi.

NAIROBI CHAPEL – MAVUNO
REPORT OF THE ELDERS' COURT
FOR THE YEAR ENDED 31 DECEMBER 2008

The Elders' Court submit their report together with the audited financial statements for the year ended 31 December 2008, which disclose the state of the affairs of the Church.

PRINCIPAL ACTIVITY

The principal activity of the Church is equipping God's people to disciple the nations for Christ.

RESULTS

The Church's results are set out on page 6 - 14.

ELDERS' COURT

The Elders who served the Church during the year are set out on page 1.

INDEPENDENT AUDITOR

The church's auditor, Thomas & Associates served as independent auditor during the year and have indicated their willingness to continue in office.

Dated 2009 and signed on behalf of the Elders' Court:

Signature:.....Designation:.....

Signature:.....Designation:.....

NAIROBI CHAPEL – MAVUNO
STATEMENT OF THE ELDERS’ COURT RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2008

The Elders’ Court is required to prepare financial statements for each financial year, which give a true and fair view of the state of financial affairs of the Church at the end of the financial year and the operating results for that year. They are also required to ensure that the Church keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the Church. They are also responsible for safeguarding the assets of the Church.

The Elders’ Court accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by responsible and prudent judgements and estimates in conformity with International Financial Reporting Standards. The Elders’ Court is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Church and of the operating results. They further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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

Dated2009 and signed on behalf of the Elders’ Court:

Signature:..... Designation:.....

Signature:..... Designation:.....

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF NAIROBI CHAPEL – MAVUNO
FOR THE YEAR ENDED 31 DECEMBER 2008

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Church , set out on pages 6-14 which comprise the balance sheet as at 31 December 2008, and the income and expenditure statement, statements of changes in fund and cash flow statement for the period ended, and a summary of significant accounting policies and other explanatory notes.

ELDERS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Elders are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the presentation of the 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.

INDEPENDENT AUDITORS RESPONSIBILITY

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 the 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 church's 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 Church's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Elders, 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.

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF NAIROBI CHAPEL – MAVUNOcontinued
FOR THE YEAR ENDED 31 DECEMBER 2008

OPINION

In our opinion the church's financial statements give a true and fair view of the state of the financial affairs of the Church as at 31 December 2008 and of its income and expenditure, cash flows for the period ended in accordance with International Financial Reporting Standards .

THOMAS & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

NAIROBI _____ 2009

NAIROBI CHAPEL - MAVUNO
 INCOME AND EXPENDITURE STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 KShs	2007 KShs
INCOME	3	<u>61,568,032</u>	<u>39,603,962</u>
Total Income		61,568,032	39,603,962
EXPENDITURE			
Ministries	4	13,081,609	9,505,962
Personnel costs	8	19,540,672	-
Administration		<u>14,399,054</u>	<u>17,691,440</u>
Total Expenditure		47,021,335	27,197,402
Surplus for the year		<u>14,546,697</u>	<u>12,406,560</u>

NAIROBI CHAPEL - MAVUNO
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 KShs	2007 KShs
Non Current Assets			
Property, Plant and equipment	2 b)	30,344,248	10,473,613
Investments	12	1,785,835	1,627,191
Other Investments	12	2,080,459	3,120,688
		34,210,542	15,221,492
Current assets			
Cash and Bank	9	3,979,841	7,756,215
Receivables	10	38,498	82,294
Pre paid expenses	11	43,259	42,063
		4,061,598	7,880,572
Current liabilities			
Accruals		-	76,488
Payables	11	1,178,064	200,000
		1,178,064	276,488
Net Current Assets		2,883,534	7,604,084
Net Assets		37,094,076	22,825,576
Financed by:			
Capital fund		30,344,248	3,831,963
Accumulated fund		6,732,573	18,846,894
Revenue fund		17,256	146,719
		37,094,076	22,825,576

These accounts were approved by the Elder's Court on 2009

and signed on it's behalf by:

Chairman.....

Treasurer.....

NAIROBI CHAPEL - MAVUNO
 STATEMENT OF CHANGES IN FUND
 FOR THE YEAR ENDED 31 DECEMBER 2008

	Capital Fund Kshs	Accumulated Fund Kshs	Revenue Fund Kshs	Total Funds Kshs
As at 1 January 2008	3,831,963	18,698,161	146,721	22,676,844
Transfer from accumulated fund	26,512,285	-	-	26,512,285
Revenue reserve	-	-	(129,465)	(129,465)
Transfer to capital fund	-	(26,512,285)	-	(26,512,285)
Accumulated fund	-	14,546,697	-	14,546,697
Year ended 31 December 2008	30,344,248	6,732,573	17,256	37,094,076
As at 1 January 2007	5,008,765	6,515,474	-	11,524,239
Prior year adjustments	-	(148,843)	-	(148,843)
Movement to Mavuno Down Town	(1,176,802)	(75,030)	-	(1,251,832)
Revenue fund	-	-	146,719	146,719
Accumulated fund	-	12,406,560	-	12,406,560
Year ended 31 December 2007	3,831,963	18,698,161	146,719	22,676,843

NAIROBI CHAPEL - MAVUNO
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 KShs	2007 KShs
Surplus from normal activities	14,546,697	12,406,560
Depreciation	1,061,973	928,901
Amortisation	1,040,229	156,375
Prior year adjustment	-	(75,840)
Cashflow before working capital changes	16,648,899	13,415,996
OPERATING ACTIVITIES		
(Increase)/decrease in receivables	42,601	(230,081)
Increase/(decrease) in payables	<u>901,576</u>	<u>197,237</u>
Net cashflow from / (used in) operating activities	17,593,075	13,383,152
INVESTING ACTIVITIES		
Acquisition of fixed assets	(20,881,553)	(8,193,697)
Other investments	(489,050.00)	(3,120,688)
Acquisition of Liquid resources	-	(1,500,000)
Transfer to Mavuno Down Town	-	(920,312)
Cashflow used in investing activities	<u>(21,370,603)</u>	<u>(13,734,697)</u>
Net increase/ (decrease) in cash and cash equivalents	<u>(3,776,374)</u>	<u>(351,546)</u>
Cash and cash equivalents at the beginning	<u>7,756,215</u>	<u>8,107,761</u>
Cash and cash equivalents at year end	<u>3,979,841</u>	<u>7,756,215</u>

NAIROBI CHAPEL – MAVUNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) **Basis Of Preparation**

The financial statements are prepared in compliance with international financial Reporting Standards (IFRSs). The financial statements are presented in functional currency, Kenya shillings (Kshs), which is the prevailing currency within the primary economic environment, and prepared in accordance with the measurement bases prescribed by IFRS

The preparation of financial statement in conformity with IFRS requires the use of estimates and assumptions. It also requires Elder's, Court to exercise its judgment in the process of applying the Church policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

b) **Income Recognition**

Income mainly represents, tithes and offerings, donations, gifts, CD's, tapes, T-shirts and book sales and other income. Tithes and offerings and donations are recognised when n received sales are recognised when a deal takes place and an invoice is issued.

c) **Property Plant And Equipment**

All categories of assets are initially recorded at cost and are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Church and the cost can be measured reliably. All other repairs and maintenance are charged to the income and expenditure during the financial period in which they are incurred.

	Rate in %
Buildings	2.5%
Computers	30%
Equipment	12.5%
Furniture and Fittings	12.5%
Loose Tools	33.3%

The assets residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet.

Equipments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts and are taken into account in determining operating surplus on disposal of revalued assets, amount in the revaluation surplus relating to that asset are transferred to General fund.

d) Translation Of Foreign Currencies

Transactions in foreign currencies during the year are converted into the functional currency, Kenya shillings, using the exchange rates prevailing at the settlement of such transactions.

e) Employee's Benefits

The Church contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions to this statutory scheme are determined by local statute and the Church's obligations are limited to KShs. 200 per employee per month.

The Church's contributions to this scheme are charged to the income statement as they fall due.

f) Cash And Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other shorter highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

g) Payables

Payables are stated at their nominal value.

NAIROBI CHAPEL - MAVUNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

2 a) Property and equipment schedule as at 31 December 2008

	Buildings & Infrastructure	Furniture and fittings	Equipment	Motor Vehicles	Computer and Specialised equipment	Totals
Cost /Valuation	KShs	KShs	KShs	KShs	KShs	KShs
As at 1st January 2008	4,938,567	611,216	4,222,707	1,053,517	1,019,622	11,845,629
Additions	15,168,454	828,400	4,884,700	-	-	20,881,553
As at 31 December 2008	20,107,021	1,439,616	9,107,407	1,053,517	1,019,622	32,727,182
DEPRECIATION						
As At 1st January 2008	60,148	120,511	737,016	139,323	330,645	1,387,642
Charge for the year 2008	201,210	104,237	472,518	131,065	152,943	1,061,973
As at 31 December 2008	261,358	224,748	1,209,534	270,388	483,588	2,449,615
Net book value						
As at 31 December 2008	19,845,663	1,214,868	7,897,873	783,129	536,034	30,344,248

2 b) Property and equipment schedule as at 31 December 2008

	Buildings & Infrastructure	Furniture and fittings	Equipment	Motor Vehicles	Computer & Specialised equipment	Totals
Cost /Valuation	KShs	KShs	KShs	KShs	KShs	KShs
As At 1st Jan 2007	-	554,101	2,981,141	-	730,570	4,265,812
Additions	4,938,567	57,115	1,720,446	1,053,517	424,052	8,193,697
Mavuno Down town Assets	-	-	(378,880)	-	-	(378,880)
Disposal	-	-	(100,000)	-	(135,000)	(235,000)
						-
As At 31st Dec 2007	4,938,567	611,216	4,222,707	1,053,517	1,019,622	11,845,629
DEPRECIATION						
Accumulated Depreciation						
As At 1st Jan 2007	-	69,263	422,570	-	225,999	717,832
Charge for the Year	60,148	51,248	361,806	139,323	167,646	780,171
Mavuno Down town Depreciation	-	-	(47,360)	-	-	(47,360)
Disposal	-	-	-	-	(63,000)	(63,000)
Total	60,148	120,511	737,016	139,323	330,645	1,387,643
Net book value						
As at 31 December 2007	4,878,419	490,705	3,485,691	914,194	688,977	10,457,988

NAIROBI CHAPEL - MAVUNO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	KShs	KShs
3 Income		
General Offering	53,631,415	32,254,205
Designated Income	4,125,795	3,077,421
Investment Income	5,315	55,361
Grants	3,701,267	2,531,429
Hire of Equipment	-	30,000
Other Income	104,240	1,655,546
	<u>61,568,032</u>	<u>37,948,416</u>

General offering includes tithes and offering for the year. Designated income represents self funding activities; Mizizi, Harvest School of Prayer and school of the word. Investment income is interest earned on deposits held. Other income includes product

4 Ministries		
Services	5,894,897	5,385,841
Community Outreach	1,607,406	-
Pastoral Care	3,323,640	2,989,294
Youth	332,294	472,449
Children	1,923,373	658,379
	<u>13,081,609</u>	<u>9,505,962</u>

Community outreach includes amounts given towards the relocation of internally displaced and the Msafara project

5 Administration

Rent	2,662,314	1,450,342
Security	1,279,529	231,110
Electricity	420,090	63,766
	<u>4,361,933</u>	<u>1,745,218</u>

6 Office expenses

Transport	231,993	68,716
Retreats	679,414	218,300
Office expenses	2,128,794	1,038,461
Professional fees	121,800	13,500
Insurance	827,819	387,620
Audit fee	123,470	107,764
Amortisation of Mavuno worship project	1,040,229	132,958
Depreciation	1,061,973	780,170
	<u>6,215,493</u>	<u>2,747,489</u>

NAIROBI CHAPEL - MAVUNO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	KShs	KShs
7 Finance Cost		
Bank Charges	277,286	287,727
Penalties and interest	-	198,213
Realised Loss (foreign currency)	-	64,169
Finance costs	30,000	73,750
	<u>307,286</u>	<u>623,859</u>
8 Human resources		
Salaries and Wages	17,102,456	-
NSSF	158,000	-
Staff Costs	2,280,216	12,397,437
	<u>19,540,672</u>	<u>12,397,437</u>
9 Cash & Bank		
NIC Savings	97,603	287,306
Petty Cash	1,579	28,170
CBA General Account	3,167,807	398,824
CBA Designated Account	44,478	2,628,611
CBA USD Account	496,145	1,384,658
CBA Designated Elders Account	145,079	3,028,646
Equity Bank	27,150	-
	<u>3,979,841</u>	<u>7,756,215</u>

This year alot of financial resources were channelled toward the relocation to Bellevue. This is indicated by the reduction on cash and cash equivalents this financial year.

10 Receivables and prepayments

Receivables	38,498	82,294
Prepayments	43,259	42,063
	<u>81,757</u>	<u>124,357</u>

11 Payables and accruals

Audit Fees	123,470	56,260
Loan-Angela Murenga	-	100,000
Kingdom Capital	-	100,000
Other payables	1,054,594	20,228
	<u>1,178,064</u>	<u>276,488</u>

The loans were fully paid this year at an intrest of Kshs 30,000 Other payables include bills for suppliers due at the end of the year.

12 Investments

Mavuno Worship Project	2,080,459	3,120,688
Old mutual unit trust	1,296,785	1,627,191
Deposits held with Elders Court	305,050	-
Investments-Kijjire	184,000	-
	<u>3,866,294</u>	<u>4,747,880</u>

The amortisation for the Mavuno worship project begun this year as income from the project accrued
 The reduction of the unit trust was as a result of the bear market experienced at the Nairobi Stock Exchange