

SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

ORGANISATION INFORMATION

Board of directors : Mr. Karugu Macharia
: Mr. Joseph Kamanu

Organisation secretaries : Kimamo and Associates
: P.O Box 4583-00100
: **Nairobi**

Auditors : MGK Associates
: Certified Public Accountants
: Mayfair Business Centre, Off Parklands Road
: P. O. Box 6358 - 00100
: **Nairobi**

Principal bankers : Barclays Bank Limited
: Bunyala Road Branch
: P.O Box 30120-00100
: **Nairobi**

: National Industrial and Credit Bank Limited
: The Junction Branch
: P.O Box 44599-00100
: **Nairobi**

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors submit their report together with the audited financial statements for the year ended 31 December 2016, which disclose the state of affairs of the organisation.

Incorporation

The organisation is incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The address of the registered office is as set out on page 1.

Principal activities

The organisation is primarily engaged in administration of donor funds for projects on non profit making

Results and dividends

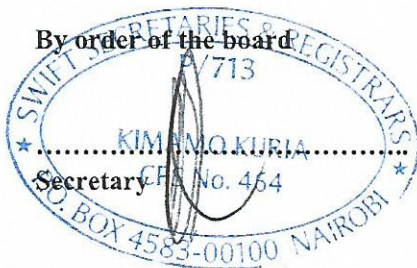
The results of the organisation are reflected on pages 6

Directors

The directors who held office during the year and to the date of this report are set out on page 1.

Auditor

The organisation's auditors, MGK Associates, have indicated their willingness to continue in office in accordance with section 717 (2) of the Companies Act, 2015.



Nairobi 2017

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of its Surplus or deficit for that year. It also requires the directors to ensure that the organisation maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the organisation.

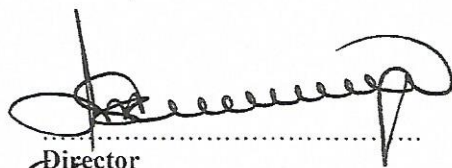
The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

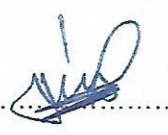
- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2016 and of its Surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of the Kenyan Companies Act.

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

Approved by the board of directors on 30th MARCH 2017 and signed on its behalf by:


.....
Director


.....
Director



MGK Associates
Mayfair Business Centre, 2nd Floor
Off Parklands Road

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE

Opinion

We have audited the accompanying financial statements of Solidaridad East and Central Africa Expertise, set out on pages 6 to 16, which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the Organisation are prepared, in all material respects, in accordance with International Financial Reporting Standards for Small and medium sized entities and the requirements of the Kenyan Companies Act.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards for Small and medium sized entities and the requirements of the Kenyan Companies Act and for such internal control as the directors and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
(CONTINUED)**

Auditor's Responsibility (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements As required by the Kenyan Companies Act, 2015

As required by the Kenya Companies Act, 2015 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 Organisation, so far as appears from our examination of those books; and
- iii. The Organisation's balance sheet and profit and loss account, which are referred to as statement of financial position and statement of comprehensive income respectively in this report, are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Daniel Muhia of Practising Certificate No. 1717

MGK Associates
Certified Public Accountants
Nairobi

30 March 2017

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016 Kshs	2015 Kshs
Grants Income	5 (a)	244,218,332	263,181,516
Other income	6	(15,891,672)	-
		<u>228,326,661</u>	<u>263,181,516</u>
Expenses			
Programme expenses	7(a)	204,258,704	223,193,970
Administration expenses	7(b)	39,959,628	39,987,545
		<u>244,218,332</u>	<u>263,181,515</u>
Total Expenses			
		<u>(15,891,672)</u>	<u>-</u>
Deficit for the year			


**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

STATEMENT OF FINANCIAL POSITION

	Notes	2016 Kshs	2015 Kshs
Non Current Assets			
Property plant and equipment	8	<u>3,156,754</u>	<u>1,589,372</u>
Current assets			
Deposits	10	503,928	503,928
Other receivables	9	16,138,795	11,065,672
Cash and cash equivalents	11	<u>230,621,424</u>	<u>209,253,659</u>
		<u>247,264,146</u>	<u>220,823,259</u>
Total Assets		<u>250,420,900</u>	<u>222,412,631</u>
Funds and Liabilities			
Other payables	12	1,236,650	139,200
Accumulated funds	13	<u>249,184,250</u>	<u>222,273,431</u>
Total funds and Liabilities		<u>250,420,900</u>	<u>222,412,631</u>

The financial statements on pages 6 to 16 were approved for issue by the Board of Directors on 30th MARCH 2017 and were signed on its behalf by:


Director: KARUGU MACHARIA


Director: JOSEPH KAMANU

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

	Coffee Program funds	Tea Program funds	Horticulture & Vegetables programs	Cotton and Textile Program funds	Gold Program funds	Farmer Support Program funds	Food Security Ethiopia and Kenya	DDE(Practice for change	Livestock	DSO(Advocacy for Change)	Office funds	Total funds
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Year ended 31 December 2016												
At 31 January 2016	134,702,917	2,928,266	11,308,601	7,095,186	774,053	42,261,832	(4,112,522)	-	651,770	-	26,663,329	222,273,431
Transferred to general funds	(2,978,372)	(4,122,738)	(1,250,748)	(876,700)	(2,251,132)	(25,273,907)	-	-	-	-	36,753,596	-
Transferred to Country offices	(14,898,958)	-	(21,825,309)	(175,114)	(168,330)	-	(11,335,150)	(8,000,325)	(599,400)	(9,932,876)	-	(66,935,462)
Grants received during the year (note 5)												
b)	28,520,396	2,899,454	123,528,246	9,360,092	23,906,866	-	65,494,375	21,582,600	-	51,046,777	27,617,481	353,956,286
Other Receipts	(9,697,570)	-	(3,438,856)	(433,530)	(1,167,625)	-	(1,169,894)	(324,230)	(4,221)	(1,692,786)	2,037,040	(15,891,672)
Total Grants available	135,648,413	1,704,981	108,321,934	14,969,934	21,093,832	16,987,925	48,876,809	13,258,046	48,149	39,421,115	93,071,445	493,402,582
Fund expended during the year	(26,031,315)	(1,704,981)	(75,038,575)	(10,025,097)	(7,775,908)	(16,987,925)	(35,533,004)	(11,519,958)	-	(19,641,941)	(39,959,627)	(244,218,332)
At 31 December 2016	109,617,097	-	33,283,358	4,944,837	13,317,924	-	13,343,805	1,738,087	48,149	19,779,175	53,111,818	249,184,250

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

CASH FLOW STATEMENT

	Notes	2016 Kshs	2015 Kshs
Cash flows from operating activities			
Grants received during the year		353,956,286	218,675,606
Prior year grants received in 2015		-	8,607,270
Other receipts		2,037,040	4,904,703
Project payments and administrative expenses		(331,930,882)	(321,979,253)
Deposit refund		-	30,000
Net cashflow from operating activities		<u>24,062,445</u>	<u>(89,761,674)</u>
Cash flow from investing activities:			
Purchase of property, plant and equipment	8	<u>(2,694,680)</u>	<u>(789,124)</u>
Net cash used in investing activities		<u>(2,694,680)</u>	<u>(789,124)</u>
Net decrease in cash and cash equivalents		<u>21,367,765</u>	<u>(90,550,798)</u>
Movement in cash and cash equivalents			
At the start of the year	11	209,253,659	299,804,457
Decrease in cash and cash equivalents		<u>21,367,765</u>	<u>(90,550,798)</u>
Cash and cash equivalents at the end of the year	11	<u>230,621,424</u>	<u>209,253,659</u>

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTES

1 General Information

Solidaridad East and Central Africa Expertise Centre (the Organisation) is incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The address of its registered office and principal place of business and the company principal activities are set out on page 1.

2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Kshs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

a) Revenue recognition

Grants

Grants income is recognized in the accumulated funds upon receipt. Subsequently, the amounts expended are transferred from the grant fund account to the statement of comprehensive income as grant income.

Interest income

Interest on bank deposit are credited to respective donors grants and are accounted for as an additional

b) Property and equipment

All property and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a reducing balance basis to write down the cost of each asset annually to their residual values over their estimated useful life as follows:-

Computers	30%
Furniture & fittings	12.5%

A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal.

Gains or deficits arising from disposal of property, plant and equipment are computed by reference to the sales proceeds and the net carrying amounts at the date of disposal. The gains or deficits are dealt with through the income statement.

c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and bank balances.

d) Taxation

The organization has made an application for tax exemption to the Kenya Revenue Authority. As at the time of reporting no response has been received. The directors are of the opinion that the application will be granted, therefore, no tax provision has been made in the financial statements.

**SOLIDARIDADEAST AND CENTRAL AFRICA REGIONAL OFFICE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTES (CONTINUED)

2 Basis of preparation and summary of significant accounting policies (continued)

e) Employee entitlements

Pension obligation

The organization also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to 6 % of basic pay per employee per month, with the organization contributing similar amount.

The organization's contributions to the above scheme are charged to the income and expenditure account in the year to which they relate.

Other employee benefits

All employees are expected to take their annual leaves as and when it matures during the year up to a period of six months after such date. The management must approve leave taken after the six months have elapsed or otherwise stated.

f) Translation of foreign currencies

Income received in foreign currency is converted at an average rate determined at the beginning of the year, while expenses incurred are translated into Kenya shillings at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses arising from the translation are dealt with in the income statement.

g) Financial instruments

Financial assets and liabilities are recognized on the organization's statement of financial position when the organization has become a party to the contractual provisions of the instruments.

(i) Financial assets

The organization classifies its financial assets into the following categories: financial assets at fair value through Surplus or deficit; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the appropriate classification of its investments at initial

Financial assets at fair value through Surplus or deficit

This category has two sub-categories: Financial assets held for trading and those designated at fair value through Surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and deficits arising from changes in fair value are recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the organization provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the bank has the positive intent and ability to hold to maturity other than loans and receivables originated by the bank are measured at amortized cost.

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTES (CONTINUED)

2 Basis of preparation and summary of significant accounting policies (continued)

g) Financial instruments (continued)

(ii) Financial liabilities

Grants payable and other payables

The liabilities for grants payables are carried the committed amount as per contract, which is measured at the fair or contractual value to be paid in respect of goods or services supplied to the organization, whether billed or not.

h) Provisions

Provisions for liabilities are recognized when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

i) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognized but are disclosed unless they are remote.

3 Risk Management objectives and policies

a) Financial risks

The organisation's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The organisation does not have any financial assets subject to price risk.

The organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various functions heads.

i) Market risk

- Foreign exchange risk

The organisation is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Sterling pound and the Euro. The risk arises from future transactions, assets and liabilities in the statement of financial position.

The carrying amounts of the company's foreign currency denominated monetary assets at the balance sheet date are as follows:

	2016 Kshs	2015 Kshs
Bank balances	<u>230,621,424</u>	<u>209,253,659</u>

10% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
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NOTES (CONTINUED)

3 Risk Management objectives and policies (continued)

a) Financial risks

i) Market risk (continued)

As at 31 December 2015, if the Shilling had weakened/strengthened by 10% against the US Dollar and Euro with all other variables held constant, the impact on the deficit for the year would have been Kshs 23,174,299 (2015: 18,037,670) higher/lower, mainly as a result of US Dollar and Euro cash balances.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

ii) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

None of the financial assets that are fully performing has been renegotiated in the last year.

The Organisation's cash and cash equivalents and short term deposits are placed with reputable financial institutions.

4 Critical Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the

i) Critical accounting estimates and assumptions

Property and equipment

Critical estimates are made by the management in determining depreciation rates for the property, plant and equipment. The rates are set out in note 2 (b) above.

ii) Critical judgments in applying the entity's accounting policies

In the process of applying the organization's accounting policies, management has made judgments in

- Whether assets are impaired
- The classification of financial assets and leases
- Contingencies and commitments

SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (CONTINUED)

5 Grants	2016 Kshs	2015 Kshs
5(a) Grants income recognised		
Amounts transferred from accumulated grants fund	<u>244,218,332</u>	<u>263,181,516</u>
5(b) Amounts received during the year transferred to accumulated grants fund		
	2016 Kshs	2015 Kshs
Armajaro	-	3,600,000
Ecom Agro Industrial Corporation Limited	-	2,000,000
Irish Aid	-	58,200,000
Solidaridad Latino America	76,115,856	33,861,832
Solidaridad Utrecht	94,881,295	30,745,151
Progreso Foundation	2,038,737	6,096,750
UTZ Certified	-	713,153
Fair-trade Foundation	8,360,766	5,396,824
Rainforest Alliance (RA)	-	1,030,084
Ethical Tea Partnership	-	323,474
Ford Foundation	-	9,000,000
SNV	6,737,276	10,352,796
MAU Tea society	1,006,830	-
H & M Trading LTD	3,717,040	-
Abi Trust	-	16,775,583
Comic Relief	21,623,739	21,623,739
Netherlands Enterprise Agency (Rijksdienst Voor Ondernemend)	136,374,346	11,281,930
Others	3,100,402	7,674,290
Total transferred to accumulated grants fund	<u>353,956,286</u>	<u>218,675,606</u>
6 Other income		
Interest income	2,037,040	4,081,120
Foreign exchange (loss)/gain	(17,928,712)	823,583
	<u>(15,891,672)</u>	<u>4,904,703</u>
7 Expenditure		
(a) Programme expenses		
Coffee Program	26,031,315	59,089,814
Tea program	1,704,981	807,488
Horticulture (Fruits and Vegetables)	75,038,575	106,631,673
Cotton and Textile	10,025,097	8,976,539
Gold	7,775,908	4,818,259
Food Security	52,520,929	42,870,197
Advocacy for change(DSO)	19,641,941	-
DDE:Bridging the Bridge	11,519,958	-
	<u>204,258,704</u>	<u>223,193,970</u>

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
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NOTES (CONTINUED)

7 Expenditure (continued)	2016	2015
(b) General and administration expenses	Kshs	Kshs
Audit fees	139,200	139,200
Professional fees	1,839,536	1,510,075
Bank charges	328,902	830,655
Insurance Expense	150,123	376,073
Office Expense	1,098,508	665,264
License	124,000	39,500
Rent and Rates	3,967,319	3,723,897
Repairs and Maintenance	812,796	473,098
Staff Medical	469,083	899,762
Stationery and printing	265,166	314,866
Telephone and Internet	880,386	1,261,680
Salaries and wages	24,741,673	25,824,417
Travel and Meetings: Air tickets	1,535,435	1,636,654
Fundraising	4,000	237,200
Depreciation	1,127,297	501,189
Motor vehicles expenses	470,273	-
Planning meeting expenses	589,956	1,554,016
Taxation	1,415,975	-
	39,959,628	39,987,545

8 Property, plant and equipment

	Computer & Equipment	Furniture & Fittings	Total
For the year ended 31 December 2015			
Cost			
As at 1 January 2015	2,614,746	960,173	3,574,920
Additions	510,400	278,724	789,124
As at December 2015	3,125,146	1,238,897	4,364,043
Depreciation			
As at 1 January 2015	1,754,469	519,013	2,273,482
Charge for the year	411,203	89,985	501,189
As at December 2015	2,165,672	608,998	2,774,671
Net Book Value as at December 2015	959,474	629,898	1,589,372
For the year ended 31 December 2016			
Cost	Kshs	Kshs	Kshs
As at 1 January 2016	3,125,146	1,238,897	4,364,043
Additions	2,422,189	272,491	2,694,680
As at December 2016	5,547,335	1,511,388	7,058,723
Depreciation			
As at 1 January 2016	2,165,672	608,998	2,774,671
Charge for the year	1,014,499	112,799	1,127,297
As at December 2016	3,180,171	721,797	3,901,968
Net Book Value as at December 2016	2,367,164	789,591	3,156,755

SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
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NOTES (CONTINUED)

	2016	2015
	Kshs	Kshs
9 Other receivables		
Related parties	12,654,099	-
Bundadiri Coffee Factory	-	6,525,672
Riis Coffee limited	-	2,270,000
Kalungu Youth	2,270,002	2,270,000
Withholding tax receivable	59,188	-
Staff travelling advances	1,155,506	-
	<u>16,138,795</u>	<u>11,065,672</u>

Loans advanced to co-operatives society to pay farmers for products delivered to the factory before selling the products

10 Deposits		
Rent	498,928	498,928
Electricity	5,000	5,000
	<u>503,928</u>	<u>503,928</u>

11 Cash and cash equivalents

For the purpose of cash flow statement, the year end cash and cash equivalents comprise of the

	2016	2015
	Kshs	Kshs
Bank balance	230,616,976	209,083,204
Petty cash	4,448	170,455
	<u>230,621,424</u>	<u>209,253,659</u>

12 Other payables

Accrued expenses	816,650	-
Accrued audit fees	420,000	139,200
	<u>1,236,650</u>	<u>139,200</u>

13 Accumulated funds

Balance brought forward	222,273,431	171,663,999
Transferred to general funds	-	90,210,638
Grants received during the year	353,956,286	218,675,606
Other receipts	-	4,904,703
Transfers to other	(66,935,462)	-
Grants utilised during the year	(244,218,332)	(263,181,515)
Surplus/(deficit)	(15,891,672)	-
Balance carried forward	<u>249,184,250</u>	<u>222,273,431</u>

14 Currency

These statements are presented in Kenya Shillings (Kshs).

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Appendix I

FUND AND CASH RECONCILIATION

	2016
	Kshs
Fund to Cash balance reconciliation	
Bank balance as per the financial statements	230,621,423.83
Fund balance	<u>249,184,250.28</u>
Variance	(18,562,826)

Represented by:

Other receivable	16,138,795	
Deposits held by third party	503,928	
Other payables	(1,236,650)	
Fund used on fixed assets (cost of fixed assets	7,058,723	
Non cash expenses (accumulated depreciation)	(3,901,968)	<u>18,562,826</u>
		<u>-</u>

**SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
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Appendix II

Annex I:Unrestricted Fund

Comic Relief:FOSPRIDE

Food Security Programme for Rural Income and development of Cofffee Producers in Ethiopia

	GPB	Kes
Income received 2015	142,075	21,623,739
Income received 2016	142,075	21,021,343
	<u>284,149</u>	<u>42,645,082</u>
Utilization		
Kenya	14,839	2,070,004
Ethiopia	40,117	5,596,370
	<u>54,956</u>	<u>7,666,374</u>
Balance	<u>229,193</u>	<u>34,978,708</u>