

NEW HOPE OUTREACH MINISTRIES

MADARAKA CHURCH

AUDITED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2020



KKCO East Africa LLP
Certified Public Accountants
P. O. Box 46335 - 00100
NAIROBI

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NEW HOPE OUTREACH MINISTRIES

DEACON BOARD

- : Bishop Thomas Imende - Bishop**
- : Rev. Rebecca Imende - Senior Pastor**
- : Mr. Stephen Ligunya - Chairperson**
- : Dr. Felister Kivisi - Treasurer**
- : Mr. James Kasura - Member**
- : Mr. Samuel Imende - Member**
- : Mrs. Maureen Muiruri - Member**
- : Julius Senser - Administrator /Member**

REGISTERED ADDRESS

- : New Hope Outreach Ministries**
- Ole Sangale Road, Madaraka**
- P. O. Box 10655-00100**
- NAIROBI**

BANKERS

- : Standard Chartered Bank**
- Harambee Avenue Branch**
- NAIROBI**

INDEPENDENT AUDITORS

- : KKCO East Africa LLP**
- Certified Public Accountants of Kenya**

NEW HOPE OUTREACH MINISTRIES

Report of the Deacon Board

The Deacon Board has pleasure in presenting its report together with the audited financial statements for the year ended 31st December 2020.

PRINCIPAL ACTIVITY

The principal activity of the New Hope Outreach Ministries is to minister to the Lord, to the saints and to the world.

RESULTS

The results for the year are set out in the statement of comprehensive income on page 7.

IMPACT OF COVID-19 ON THE MINISTRY

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. The situation is constantly evolving, and the measures put in place are having multiple impacts on local, national and global economies. While the full impact to the Ministry cannot be quantified reliably, the Ministry's performance subsequent to the balance sheet date is likely to be negatively impacted as a result of local, regional and global travel restrictions, employees working from home, restrictions to gatherings, closure of church activities, closure of schools and other forms of interruptions to business. The Deacon Board is closely monitoring the situation to ensure the Ministry is sustainable during and after the pandemic.

Following the onset of the pandemic, the Deacon Board resolved to close the New Hope Outreach Ministries Nursery and Primary School with effect from March 2020.

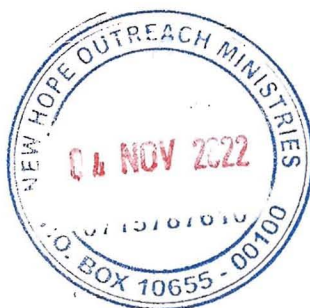
Deacon BOARD MEMBERS

The names of the members who served during the year are set out on page 1.

INDEPENDENT AUDITORS

The auditors KKCO East Africa LLP, Certified Public Accountants, were appointed on 26th May 2020 and have expressed their willingness to continue in office.

April 26, 2022



By Order of the Deacon Board

A handwritten signature in blue ink, consisting of a stylized 'N' followed by a flourish.

Secretary

NEW HOPE OUTREACH MINISTRIES

Statement of Deacon Board Responsibilities

for the year ended 31st December 2020

The Kenyan Societies Act requires the Deacon Board to prepare financial statements for each financial year that give a true and fair view of the financial position of the Ministry as at the end of the financial year and of its surplus or deficit for that year. It also requires the Board to ensure that the Ministry keeps proper accounting records that: (a) show and explain the transactions of the Ministry (b) disclose, with reasonable accuracy, the financial position of the Ministry; and (c) enable the Deacon Board to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Societies Act.


The Deacon Board accepts responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Societies Act. They also accept responsibility for:

- i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting suitable accounting policies and applying them consistently; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assesment of the Ministry's liability to continue as a going concern, the Deacon Board is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Ministry's ability to continue as a going concern.

The Deacon Board acknowledges that the independent audit of the financial statements does not relieve the Board of its responsibilities.

Approved by the Deacon Board on **April 26, 2022** and signed on its behalf by:-


Chairperson


Treasurer





KKCO

KKCO East Africa LLP
Certified Public Accountants

Report of the Independent Auditors
to the members of New Hope Outreach Ministries
on the financial statements for the year ended 31st December 2020

Opinion

We have audited the financial statements of **New Hope Outreach Ministries** set out on pages 7 to 19, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in funds 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 financial statements present fairly, in all material respects, the financial position of New Hope Outreach Ministries as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Deacon Board is responsible for the other information. The other information comprises the Report of the Deacon Board, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

As stated in the report of the Deacon Board, we take note of the impact Covid-19 will have on the financial statements of year 2020 and the measures that management is taking to ensure sustainability.

Independent Member Firm of



A worldwide association of independent accounting firms
and business advisers (www.dfk.com).

Report of the Independent Auditors
to the members of New Hope Outreach Ministries

Responsibilities of the Deacon Board for the financial statements

The Deacon Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and for such internal control as the Deacon Board determine 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 Deacon Board is responsible for assessing the New Hope Outreach Ministries 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 Deacon Board either intends to liquidate the Ministry or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 International Standards on Auditing 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 New Hope Outreach Ministries internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Deacon Board.
- Conclude on the appropriateness of the Deacon Board 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 New Hope Outreach Ministries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the church to cease to continue as a going concern.

Report of the Independent Auditors

to the members of New Hope Outreach Ministries

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Deacon Board 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.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Elizabeth Kerretts Matimu, Practising Certificate Number 2088 and Member Number 10261.

Nairobi, Kenya

April 26, 2022



For and on behalf of
KKCO East Africa LLP
Certified Public Accountants of Kenya

NEW HOPE OUTREACH MINISTRIES

Statement of Comprehensive Income

for the year ended 31st December 2020

INCOME	Note	<u>2020</u> Kshs	<u>2019</u> Kshs
Tithe and offerings	4	15,194,026	13,210,314
Net school income	5	(514,633)	302,273
Other income	6	<u>103,099</u>	<u>675,803</u>
Total Income		<u>14,782,492</u>	<u>14,188,390</u>
EXPENDITURE			
Staff costs	7	5,176,889	4,415,813
Church expenses	8	840,228	1,857,237
Adminstration expenses	9	<u>4,436,355</u>	<u>3,872,935</u>
Total expenditure		<u>10,453,472</u>	<u>10,145,985</u>
SURPLUS FOR THE YEAR		<u><u>4,329,020</u></u>	<u><u>4,042,405</u></u>

NEW HOPE OUTREACH MINISTRIES

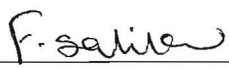
Statement of Financial Position

as at 31st December 2020

ASSETS	Note	2020 Kshs	2019 Kshs
Non-current Assets			
Property and equipment	10	42,075,212	39,211,658
Work in progress	11	9,858,834	9,491,394
Prepaid operating lease rentals	12	48,611,112	49,305,556
		<u>100,545,158</u>	<u>98,008,608</u>
Current Assets			
Receivables	13	313,111	520,611
Cash and bank balances	14	4,753,390	2,753,420
		<u>5,066,501</u>	<u>3,274,031</u>
TOTAL ASSETS		<u>105,611,659</u>	<u>101,282,639</u>
FUNDS AND LIABILITIES			
Funds			
Revaluation reserve fund		50,000,000	50,000,000
Accumulated fund		22,718,635	18,389,615
Building fund	16	32,758,024	32,758,024
		<u>105,476,659</u>	<u>101,147,639</u>
Current liabilities			
Payables and accruals	17	135,000	135,000
TOTAL FUNDS AND LIABILITIES		<u>105,611,659</u>	<u>101,282,639</u>

The financial statements on pages 7 to 19 were approved by the Deacon Board on **April 26, 2022** and signed on its behalf by:-


Chairperson


Treasurer



NEW HOPE OUTREACH MINISTRIES

Statement of Changes in Funds and Reservesas at 31st December 2020

	<u>Revaluation Reserve Kshs</u>	<u>Accumulated Fund Kshs</u>	<u>Building Fund Kshs</u>	<u>Total Kshs</u>
At 1 January 2019	50,000,000	14,347,210	32,067,625	96,414,835
Receipts during the year	-	-	690,399	690,399
Surplus for the year	-	4,042,405	-	4,042,405
AT 31 DECEMBER 2019	<u>50,000,000</u>	<u>18,389,615</u>	<u>32,758,024</u>	<u>101,147,639</u>
At 1 January 2020	50,000,000	18,389,615	32,758,024	101,147,639
Receipts during the year	-	-	-	-
Surplus for the year	-	4,329,020	-	4,329,020
AT 31 DECEMBER 2020	<u>50,000,000</u>	<u>22,718,635</u>	<u>32,758,024</u>	<u>105,476,659</u>

NEW HOPE OUTREACH MINISTRIES

Statement of Cash Flows

for the year ended 31st December 2020

	<u>2020</u>	<u>2019</u>
	<u>Kshs</u>	<u>Kshs</u>
CASH FLOWS FROM OPERATIONS		
Surplus for the year	4,329,020	4,042,405
Adjustments for:		
Depreciation and amortization	2,175,336	2,053,446
Changes in operating assets and liabilities		
Increase in building fund	-	690,399
Decrease (Increase) in receivables	207,500	(520,611)
Increase/ (Decrease) in payables.	-	135,000
Net cash generated from operations	<u>6,711,856</u>	<u>6,400,639</u>
CASH OUTFLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(844,446)	(1,117,900)
Additions to work in progress	(3,867,440)	(3,023,244)
Cash outflows used in investing activities	<u>(4,711,886)</u>	<u>(4,141,144)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,999,970	2,259,495
Balance at the beginning of the year	<u>2,753,420</u>	<u>493,925</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 14)	<u><u>4,753,390</u></u>	<u><u>2,753,420</u></u>

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020

1.0 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 years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standards for Small and Medium-sized Entities. The measurement used is the historical cost basis except where otherwise stated in the accounting policies below.

1.2 Revenue recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the ministry and the revenue can be reliably measured. Income earned by the Ministry is recognized on the following basis:

Tithes, offerings and gifts from members are recognized when received.

School fees income represents amount invoiced to the students during the year.

Other income earned is recognized as it accrues.

1.3 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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 on the following bases:

Furniture, fittings and equipment	12.5%
Computers	30%
Motor vehicles	25%
Buildings	2.5%

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in the statement of comprehensive income.

1.4 Building fund

Relates to a fund held for the building capital work in progress.

1.5 Prepaid operating lease rentals

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and are amortized over the period of the lease.

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

1.6 Receivables

Receivables are stated at nominal value less provisions for any amounts expected to be irrecoverable.

1.7 Payables

Payables are recognized at fair value.

1.8 Provisions

A provision is recognized in the statement of financial position when the Ministry has a present legal or constructive obligation as a result of past event and it is more likely than not that an outflow of economic benefit will be required to settle the obligation and it can be reliably estimated.

1.9 Revaluation reserve

Revaluation surplus from the revaluation of property is credited to the revaluation fund.

1.10 Cash and cash equivalents

For the purpose of the cash flows statement, cash and cash equivalents include cash and bank balances.

1.11 Retirement benefit obligations

The organization contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Contributions are determined by local statute and the organization's contributions are charged to the statement of comprehensive income in the year to which they relate. The organization has no further obligation once the contributions have been paid.

1.12 Comparatives

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

2.0 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the organization's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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 circumstances. These are dealt with below:-

Key sources of estimation uncertainty

In the process of applying the school's accounting policies, management has made judgements in determining:-

- a) Depreciation rates for property and equipment. The rates are set out in note 1.3 above.
- b) The classification of financial assets and leases.
- c) Whether assets are impaired.

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020.../ (Contd.)

3.0 FINANCIAL RISKS, MANAGEMENT OBJECTIVES AND POLICIES

The Ministry's activities expose it to a variety of financial risks. These include: Market risk (foreign exchange risk, interest risk and price risk), credit risk and liquidity risk. The Ministry's overall risk management programme focuses on the unpredictability of changes in operating environment and seeks to minimise potential adverse effects of such risks on its financial performance by setting acceptable levels of risks.

Risk management is carried out by the management under policies approved by the Deacon Board.

a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates which will affect the Ministry's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

i) Foreign exchange risk

The Ministry is not exposed to any significant foreign exchange risk.

ii) Price risk

Price risk arises from the fluctuation in the prices of the commodities that the Ministry deals in. Purchase prices are determined by the market forces and other factors that are not within the control of the Ministry.

b) Credit risk

The Ministry's credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivable.

The utilisation of the credit limits is regularly monitored. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by the counterparts.

None of the financial assets that are fully performing has been renegotiated during the period.

Exposure to risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

The amount that best represents the Ministry's maximum exposure to credit risk at 31st December 2020 is made up as follows:-

	<u>2020</u>	<u>2019</u>
	Kshs	Kshs
Receivables	313,111	520,611
Bank and cash balances	4,753,390	2,753,420
	<u>5,066,501</u>	<u>3,274,031</u>

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020.../ (Contd.)

c) Liquidity risk

The responsibility for liquidity risk management rests with the Deacon Board, who have built an appropriate liquidity risk management framework for the management of the Ministry's short, medium and long term funding and liquidity management requirements. The Ministry manages liquidity risk by maintaining enough required funds for its operations through continuous monitoring of forecast and actual cash flows.

The table below provides a contractual analysis of the Ministry's financial liabilities :-

	<u>2020</u>	<u>2019</u>
Finance liabilities	Kshs	Kshs
Total financial liabilities	<u>135,000</u>	<u>135,000</u>

d) Exchange risk

The Ministry holds some of its bank balances in foreign currency. The fluctuations in currency exchange rates result in changes in the value of the monetary assets denominated in foreign currency hence exposing the Ministry to the risk of incurring exchange loss. The monetary assets held in foreign currency are closely monitored to ensure that they are not materially affected by adverse foreign currency fluctuations. There are no other foreign currencies denominated financial assets or liabilities.

e) Operational risk

Operational risk is the risk of indirect loss arising from a wide variety of causes associated with the Ministry's processes, personnel, technology, infrastructure and external factors other than credit and liquidity risks such as those arising from legal and regulatory requirements and generally acceptable standard.

The Ministry's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Ministry's reputation with overall cost effectiveness and to avoid any control procedures that restrict initiative and creativity in the Ministry.

The primary responsibility of the development and implementation of controls to address operational risk is assigned to the Deacon Board.

This responsibility is supported by the development of overall Ministry's standards for the management of operational risks in the following areas:-

- Requirements for appropriate segregation of duties including the independent authorization and approval of transactions.
- Requirements for the reconciliation and monitoring transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of control and procedures.
- Requirements for the periodic assessment of operational risks faced by the institution, and adequacy of controls and procedures to address the risks identified.
- Development of contingency plans.
- Training and professional development of its personnel and
- Adherence to ethical and business standards.

Review of compliance with Ministry's standards is done on an ongoing basis.

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020...(Contd)

	<u>2020</u>	<u>2019</u>
	<u>Kshs</u>	<u>Kshs</u>
4.0 TITHES AND OFFERING		
Tithes	9,950,995	12,845,723
Offerings	5,243,031	364,591
	<u>15,194,026</u>	<u>13,210,314</u>
5.0 NET SCHOOL FEES INCOME	Kshs	Kshs
Income		
Tuition fees and other related charges	639,755	2,330,711
Expenditure		
Staff costs	1,004,895	1,323,360
Other expenses	149,493	708,078
Total expenditure	1,154,388	2,031,438
Net income	<u>(514,633)</u>	<u>302,273</u>
The school was closed down in March 2020		
6.0 OTHER INCOME	Kshs	kshs
Thanksgiving offerings	12,450	408,940
Daughters of Excellence	46,550	164,280
Miscellaneous income (United in Christ)	20,600	102,583
Seed & First Fruit	1,100	-
Parking Fees	20,000	-
Unrecognized deposits	2,399	-
	<u>103,099</u>	<u>675,803</u>
7.0 STAFF COSTS	Kshs	Kshs
Salaries and wages	5,107,089	4,387,013
NSSF	34,800	28,800
NHIF	35,000	-
	<u>5,176,889</u>	<u>4,415,813</u>

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020.../(Contd)

	<u>2020</u>	<u>2019</u>
	<u>Kshs</u>	<u>Kshs</u>
8.0 CHURCH EXPENSES		
School fees	176,100	258,000
Pastors visitation	150,930	121,130
Missions and conventions/Special events	126,368	189,770
Donations	90,000	-
Repair of church instruments	63,500	38,950
DoE related expenses	48,053	33,730
Pastoral and board meetings	39,696	14,355
Youth activities	39,547	442,015
Discipleship	31,238	-
Church workers workshop	28,000	89,500
Guest speakers	20,000	116,000
Kesha and monthly fasting	12,523	44,987
Junior Church expenses	6,885	-
Tithe envelopes and marriage certificates	5,800	5,900
Portterz/Teens expenses	1,588	-
Annual conference	-	400,000
Couples dinner	-	50,000
Pastors retreat	-	36,000
Ushers	-	15,500
Holy communion	-	1,400
	<u>840,228</u>	<u>1,857,237</u>
9.0 ADMINISTRATIVE COSTS		
	<u>Kshs</u>	<u>Kshs</u>
Security	468,000	429,000
Accounting/onsultancy and professional fees	270,550	55,000
Other expenses	266,627	68,980
Telephone, internet and Postages	211,600	146,750
Utilities	201,656	160,470
Meals and Refreshments	187,282	168,463
Equipment Rental	158,000	-
Repairs and Maintenance	117,590	354,733
Office Expenses	108,200	89,562
Local travel	37,690	67,054
Bank Charges	31,116	19,272
Paybill charges	29,860	-
Cleaning & gabbage	13,000	25,200
Printing and Stationary	12,849	1,705
Advertisements	12,000	95,000
Accrued audit fee	135,000	135,000
AGM expenses	-	3,300
Armotization	694,444	694,444
Depreciation	1,480,892	1,359,002
	<u>4,436,355</u>	<u>3,872,935</u>

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statementsfor the year ended 31st December 2020..../(Contd)

	<u>Buildings</u>	<u>Motor</u>	<u>Computers</u>	<u>Office/</u>	<u>Furniture</u>	
	<u>Kshs</u>	<u>Vehicle</u>	<u>Kshs</u>	<u>Church</u>	<u>and</u>	
10.0 PROPERTY AND EQUIPMENT		<u>Kshs</u>		<u>Equipment</u>	<u>Fittings</u>	<u>Total</u>
			<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
COST OR VALUATION						
As at 1 January 2019	-	600,000	318,330	1,023,832	608,567	2,550,729
Transfer from Work in Progress	37,965,575	-	-	-	-	37,965,575
Additions	-	-	20,000	906,200	191,700	1,117,900
	<u>37,965,575</u>	<u>600,000</u>	<u>338,330</u>	<u>1,930,032</u>	<u>800,267</u>	<u>41,634,204</u>
DEPRECIATION						
As at January 2019	-	150,000	178,455	576,470	158,619	1,063,544
Change for the year	949,139	112,500	47,962	169,195	80,206	1,359,002
	<u>949,139</u>	<u>262,500</u>	<u>226,417</u>	<u>745,665</u>	<u>238,825</u>	<u>2,422,546</u>
NET BOOK VALUE						
AT 31 DECEMBER 2019	<u>37,016,436</u>	<u>337,500</u>	<u>111,913</u>	<u>1,184,367</u>	<u>561,442</u>	<u>39,211,658</u>
COST OR VALUATION						
As at 1 January 2020	37,965,575	600,000	338,330	1,930,032	800,267	41,634,204
Transfer from Work in Progress	3,500,000	-	-	-	-	3,500,000
Additions	-	-	150,000	321,000	373,446	844,446
	<u>41,465,575</u>	<u>600,000</u>	<u>488,330</u>	<u>2,251,032</u>	<u>1,173,713</u>	<u>45,978,650</u>
DEPRECIATION						
As at January 2020	949,139	262,500	226,417	745,665	238,825	2,422,546
Change for the year	1,012,911	84,375	78,574	188,171	116,861	1,480,892
	<u>1,962,050</u>	<u>346,875</u>	<u>304,991</u>	<u>933,836</u>	<u>355,686</u>	<u>3,903,438</u>
NET BOOK VALUE						
AT 31 DECEMBER 2020	<u>39,503,525</u>	<u>253,125</u>	<u>183,339</u>	<u>1,317,196</u>	<u>818,027</u>	<u>42,075,212</u>

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

	<u>2020</u>	<u>2019</u>
11.0 WORK IN PROGRESS	Kshs	Kshs
As at 1 January	9,491,394	44,433,725
Additions during the year	3,867,440	3,023,244
Transfers to the Buildings	(3,500,000)	(37,965,575)
	<u>9,858,834</u>	<u>9,491,394</u>

Work in progress relates to the ongoing church construction in Madaraka.

	<u>2020</u>	<u>2019</u>
12.0 PREPAID OPERATIONS LEASE RENTALS	Kshs	Kshs
COST OR VALUATION		
At 31 December	<u>50,000,000</u>	<u>50,000,000</u>
ARMOTIZATION		
At 1 January	694,444	-
Charge for the year	<u>694,444</u>	<u>694,444</u>
NET BOOK VALUE AS AT 31 DECEMBER	<u>48,611,112</u>	<u>49,305,556</u>

Leasehold land is disclosed as prepaid operating lease rentals and carried at cost less amortization over the lease period. The land was revalued in 2011 by Crystal Valuers.

The property, LR No. 209/11814, is situated in Madaraka area, Nairobi. The leasehold title is for 99yrs , from August 1, 1992.

	<u>2020</u>	<u>2019</u>
13.0 RECEIVABLES	Kshs	Kshs
Staff debtors	152,500	360,000
School debtors	<u>160,611</u>	<u>160,611</u>
	<u>313,111</u>	<u>520,611</u>

	<u>2020</u>	<u>2019</u>
14.0 CASH AND BANK BALANCES	Kshs	Kshs
Standard Chartered Bank - Main Account	4,556,965	1,688,786
Standard Chartered Bank - Building Account (Note 15)	159,682	684,935
Standard Chartered Bank - School Account	31,669	176,902
Kopo kopo Inc	-	118,211
Mpesa Paybill	4,500	84,420
Petty Cash	<u>573</u>	<u>166</u>
	<u>4,753,390</u>	<u>2,753,420</u>

NEW HOPE OUTREACH MINISTRIES

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

	<u>2020</u>	<u>2019</u>
	<u>Kshs</u>	<u>Kshs</u>
15.0 BUILDING ACCOUNT		
As at 1st January	684,935	146,615
Receipts during the year	-	690,399
Payments for the Year	(4,461,520)	(3,023,244)
Transfers In	3,936,267	2,871,165
	<u>159,682</u>	<u>684,935</u>
16.0 BUILDING FUND	Kshs	Kshs
As at 1st January	32,758,024	32,067,625
Receipts during the year	-	690,399
	<u>32,758,024</u>	<u>32,758,024</u>
17.0 PAYABLES AND ACCRUALS	Kshs	Kshs
Accrual audit fees	135,000	135,000
	<u>135,000</u>	<u>135,000</u>

18.0 TAXATION

No tax provisions have been made in these financial statements. The main income of New Hope Outreach Ministries is tithes, offerings, and gifts which are not subject to taxation

19.0 CONTINGENT LIABILITIES

The Ministry has no pending litigations in court.

20.0 REGISTRATION

New Hope Outreach Ministries is registered under the Societies Act (Section 10) under reference number 23484.

The Certificate of Registration was awarded on 3rd May 2004.

21.0 EVENTS AFTER THE REPORTING PERIOD

We draw your attention to the Report of the Deacon Board on page 2 regarding the impact of Covid-19 on the sustainability of the Ministry in FY2020 and the closure of the New Hope Outreach Ministries Nursery and Primary School in March 2020.

The Deacon Board is not aware of any matters arising after 31st December 2019 that would significantly affect the operations of the Ministry.

22.0 CURRENCY

The financial statements are presented in Kenya shillings (Kshs).

APPENDIX I

NEW HOPE OUTREACH MINISTRIES

NEW HOPE OUTREACH MINISTRIES NURSERY AND PRIMARYIncome Statementfor the year ended 31st December 2020

	<u>2020</u>	<u>2019</u>
	<u>Kshs</u>	<u>Kshs</u>
INCOME		
Tuition Fees and other related charged	<u>639,755</u>	<u>2,330,711</u>
EXPENDITURE		
Staff costs	963,415	1,323,360
Administration costs	91,073	20,932
School food	41,480	226,726
Cleaning and Sanitation	23,750	21,068
Learning Materials	17,750	33,516
Bank Charges	16,920	14,040
Transport	-	223,550
Repairs and Maintenance	-	42,500
Licences	-	42,500
Printing & stationaries and airtime	-	28,253
Professional fees	-	17,800
Utilities	-	16,560
Graduation	-	12,000
Exams	-	5,633
	<u>1,154,388</u>	<u>2,028,438</u>
SURPLUS/DEFICIT FOR THE YEAR	<u><u>(514,633)</u></u>	<u><u>302,273</u></u>