
KARURA COMMUNITY CHAPEL

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2009

KARURA COMMUNITY CHAPEL
TABLE OF CONTENTS

CONTENTS	PAGES
The Elders' Court and professional advisers	1
Report of the Elders' Court	2
Statement of Elders' Court responsibilities	3
Report of the independent auditor	4 - 5
Income and expenditure statement	6
Balance sheet	7
Statement of changes in funds	8
Cash flow statement	9
Notes to the financial statements	10 -15

KARURA COMMUNITY CHAPEL
THE ELDERS' COURT AND PROFESSIONAL ADVISERS

Composition of the Elders' court: John Mbugua -Chairman
Ngari Kariithi -Senior Pastor
Fran Derocher
Antony Icharia
Paul Carline
Ronny K Misiko
Dan Gradin -Ch. Secretary (to 20-12-10)
John Ohaga -Ch. Secretary (from 20-12-10)
Fran Derocher -Ch. Treasurer (to 26-4-10)
Stephen Maina -Ch. Treasurer (from 26-4-10)

Registered office Plot LR NO. 22/350
Closeburn Estate
Limuru Road
P.O.Box 663-00621
Village Market
Nairobi

Independent auditor Thomas and Associates
Certified Public Accountants (Kenya)
P O Box 70872-00400
Nairobi

Solicitors Kamotho, Maiyo & Mbatia Advocates
Posta Sacco Plaza, 2 Floor
P O Box 70876-00400
Nairobi

Bankers Kenya Commercial Bank
Village Market
P.O. Box 1066 - 00621
Nairobi

Chase Bank
Village Market
P.O Box 607-00621
Nairobi

KARURA COMMUNITY CHAPEL
REPORT OF THE ELDERS' COURT
FOR THE YEAR ENDED 31 DECEMBER 2009

The Court of Elders submit their report together with the audited accounts for the period ended 31 December 2009, which disclose the state of the affairs of the chapel.

PRINCIPAL ACTIVITY

Karura Community Chapel is a community for true worship of God, a home for the care and growth of God's people, and a base for fulfilling God's purposes. God has given us a vision, "Every Life Transformed by Christ" and to this end we shall continue to endeavour, stating with personal transformation of individual members with a widening impact on those we touch.

RESULTS

The Chapel's financial position and results are set out on page 6-15.

ELDERS COURT

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

INDEPENDENT AUDITOR

Messer's Thomas & Associates served as independent auditor and have indicated their willingness to continue in the office.

By order of the Court of Elders

Signature.....Designation.....Date.....2010

.

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

KARURA COMMUNITY CHAPEL
STATEMENT OF THE ELDERS' COURT RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2009

The Elders' Court is responsible for the preparation and presentation of the financial statements of Karura Community Chapel set out on pages 6 to 15 which comprise of the balance sheet as at 31 December 2009, the income statement, statement of changes in funds and cash flow statements for the year ended and a summary of significant accounting policies and other explanatory notes.

The Elders' Court responsibilities include: determining that the basis of accounting described in note 1 is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation of these 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.

The Elders' Court is required to prepare financial statements for each financial year which give a true and fair view of the state of the Church as at the end of the financial year and of the operating results of the Church for that year. It also requires the Elders' Court to ensure that the Church keeps proper accounting records which disclose with reasonable accuracy the financial position of the Church.

The Elders' Court accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments 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 its operating results.

The Elders' Court further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Elders' Court has made an assessment of the Church's ability to continue as a going concern and have no reason to believe the Church will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements.

The financial statements, as indicated above, were approved by the Elders' Court on.....2010 and were signed on its behalf by:

Signature.....Designation.....

Signature.....Designation.....

KARURA COMMUNITY CHAPEL
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KARURA
COMMUNITY CHAPEL FOR THE YEAR ENDED 31 DECEMBER 2009

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Church , set out on pages 6-15 which comprise the balance sheet as at 31 December 2009, and the income and expenditure statement, statement of changes in fund and cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes.

ELDERS' COURT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Elders' Court is 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 AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent opinion on these 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 Court, 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.

KARURA COMMUNITY CHAPEL
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KARURA
COMMUNITY CHAPEL FOR THE YEAR ENDED 31 DECEMBER 2009
.....Continued

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 2009 and of its income and expenditure, cash flows for the year ended in accordance with International Financial Reporting Standards.

THOMAS & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

NAIROBI _____ 2010

KARURA COMMUNITY CHAPEL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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 the Elders' 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

Receipts comprise of church collections and voluntary donations and these are recognised upon receipt of cash. Interest income was earned from treasury bills, savings account and money market funds and was recognised on an accrual basis.

c) Property, plant & 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 %
Computers	30%
Motor vehicles	25%
Equipment	12.5%
Furniture and Fittings	12.5%

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

h) Taxation

The Chapel which is now registered separately from Nairobi Chapel is in the process of obtaining an income tax exemption certificate.

i) Investments

Investments are recognised at market value, being the fair value of the consideration given and including acquisition charges associated with the investment.