THE MOMBASA PARENTS CLUB
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31/12/2022

CONTENTS

CLUB INFORMATION

The MOMBASA PARENTS CLUB was registered under the section 6(2) of the societies act on 13th August 1966 under Certificate of Registration COE/94001/65.

The Nyali School fully owned by MOMBASA PARENTS CLUB is registered under the Ministry of Education Science and Technology under registration number P/E/12448/14 on 22nd August 2014.

The CLUB is exclusively established for the purpose of educational development, welfare and happiness of children in Mombasa and its environs and doing of all such other things as are incidental or conducive to the attainment of the principal object.

THE PRINCIPAL PLACE OF BUSINESS:
The registered and operational offices of the MOMBASA PARENTS CLUB is located along:-
Links Road - Nyali
P O BOX 81050 - 80100
Mombasa, Kenya.

CLUB OFFICIALS:
The CLUB officials who served during the year and to the date of this report were :-

Mr Benjamin Gitonga	-	Chairman
Mr Feisal Abeid	-	Vice Chairman
Mr Paul Munyao	-	Secretary
Mr Michael Wangamati	-	Treasurer
Ms Khadija Khalid Siraj	-	Education Secretary
Mr Joseph Weloba	-	Club Affairs Secretary
Mr Ali Mohamed	-	Committee Member
Mrs Lilian Kimalel	-	Committee Member
Mr Patrick Mwamisi	-	Committee Member
Mrs Anne Okumu	-	Committee Member
Mr Ramadhan Kimanzi	-	Committee Member
Mrs Caroline Ndege	-	Committee Member
Mr Herman Mwasaghua	-	Committee Member
Mr Thomas Bifwoli	-	Co-opted
Mr John Mwangi Muiyoro	-	Co-opted

TRUSTEES:
The CLUB trustees who served during the year and to the date of this report were :-

Maj (RTD) Moses Waweru Ndungu
Mr Daniel K. Tanui
Mr Ali Mandhry

BANKERS:
Kenya Commercial Bank Ltd
CFC Stanbic Bank of Kenya Ltd
Bank of Africa Limited
Family Bank Limited

INDEPENDENT AUDITORS:
Yusuf J M & Co
Certified Public Accountants
Amir Suite,2nd Floor
Sauti ya Kenya Road
P.O BOX 85803 - 80100
Mombasa, Kenya.

MANAGEMENT BOARD REPORT

The managing committee submit their report and the audited financial statements for the year ended 31 December 2022 which show the state of the CLUB's financial affairs.

1. INCORPORATION

The CLUB is domiciled in Kenya where it is registered as a Society under the Society Act (CAP 108). The address of the registered office is set out on page 1.

2. CLUB OFFICIALS

The CLUB officials who served during the year and to the date of this report are set out on page 1.

3. PRINCIPAL ACTIVITIES

The principal object of the CLUB is educational development, welfare and happiness of children in Mombasa and its environs and doing of all such other things as are incidental or conducive to the attainment of the principal object.

4. KEY PERFORMANCE INDICATORS

(a) The results for the year are set out on page 7.

	2022 KShs	2021 KShs
Gross revenue	194,304,281	182,745,979
Surplus for the year	30,699,173	35,933,188
Net assets	321,096,620	281,913,699

(b) The school performance indicators

	2022	2021
Number of students	1136	1076
Students enrolment capacity	1320	1320
Ratio of enrolment capacity to No. of students	86.1%	81.5%
No of teachers	64	60
Ratio of students per teacher	17.8	17.9
Mean score	363.66	365.8
Students joining high school	114	101
Students sitting for KCPE	114	101
% Students joining high school to No. sat for KCPE	100.0%	100.0%

5. BUSINESS REVIEW

Revenue for the year increased by KShs 11,558,302/- representing a 6.3% improvement compared to previous year. All the three divisions had increase in revenue with main division leading at KShs 10,297,322/- and transport division lowest at KShs 576,290/-. The revenue sustainability in the last two years was due to the extra term in the calendar year.

Operating expenses increased from KShs 146,812,791/- in 2021 to KShs 163,429,314/- in 2022 representing an increase of KShs 16,616,523/- or 11.3%. Direct costs and total administrative expenses increased by KShs 5,955,447/- and KShs 8,81,855/- respectively representing 15.7% and 8.9% increase in that order.

At 31st December 2022 the net assets position of the CLUB was KShs 321,096,620/- compared to KShs 281,913,699/- in 2021. The surplus for the period decreased by KShs 5,234,015/- from KShs 35,933,188/- in 2021 to KShs 30,699,173/- in 2022 representing a 14.6% decline. Transport and Cafeteria divisions had a combined loss of KShs 6,131,015/-.

MANAGEMENT BOARD REPORT (CONTINUED)

5. BUSINESS REVIEW (CONTINUED)

2022 results summary	Main Dept	Transport	Cafeteria	Total
Revenue	157,265,293	20,664,384	16,374,604	194,304,281
Overheads	119,382,004	25,877,704	18,345,400	163,605,109
Surplus/(Deficit)	37,883,289	(5,213,320)	(1,970,796)	30,699,173

2021 results summary	Main Dept	Transport	Cafeteria	Total
Revenue	146,967,971	20,088,094	15,689,914	182,745,979
Overheads	104,903,768	24,624,482	17,284,541	146,812,791
Surplus/(Deficit)	42,064,202	(4,536,388)	(1,594,627)	35,933,188

6. PRINCIPAL RISKS AND UNCERTANITY

In 2023 the number of terms in a calendar year will revert to three as has been the tradition. The normalization of calendar will reduce collections in 2023 a term. The board of management expanded learning resources in readiness for Junior Secondary School (JSS) intake. The project was executed in two phases. As of 31st December 2022, the investment in buildings for the two projects was KShs 22,202,040/-. The investment in JSS division which was expected to admit first students in January 2023 includes laptops and desktops at KShs 2,145,500/-, laboratory fixtures and fittings at KShs 1.365.590/-.

MPC was issued with Certificate of Title - CR.79592 for a plot adjacent to the main school measuring 5.014 Hectares. The ownership of this parcel has elicited protracted court case. Its lease period will expire on 30/09/2081.

At the start of the year a 66 KVA automatic-switch Generator was acquired at KShs 1,240,968/- to enhance security and ensure learning programmes are not interrupted. Lower primary school furniture were replaced at a cost of KShs 2,222,414/-.

Mr John Kombo resigned as the principal of The Nyali Primary School after serving for 16 years.

7. STATEMENT AS TO DISCLOSURE TO THE CLUB'S AUDITOR

At the date of this report, officials were not aware of any circumstances that would have rendered the values attributed to the assets in the financial statements misleading.

8. TERMS OF APPOINTMENT OF AUDITOR

The CLUB's auditor, Yusuf J M & Co, has indicated willingness to continue in office in accordance with Sec 717 Companies Act 2015.

By order of the Management Board

....
SECRETARY

...26/06/...**2023**

STATEMENT OF MANAGEMENT BOARD RESPONSIBILITIES:

The CLUB constitution requires that the officials prepare financial statements for each financial year that give a true and fair view of the state of the CLUB as at the end of the financial year and its surplus or deficit.

It also requires the officials to ensure the CLUB keeps proper accounting records that disclose with reasonable accuracy the financial position of the CLUB.

They are further responsible for safeguarding the assets of the CLUB.

Specifically:

- **a.** Section 43(c) provides for adoption of annual accounts and financial statements as an agenda during the AGM.
- **b.** Section 53(a) provides that the accounts of the CLUB and the school shall be audited annually.
- **c.** Section 61(b) provides that the accounts of the cafeteria shall be audited annually.
- **d.** Section 63(c) provides that the accounts of transport shall be audited annually.

The officials accept responsibility for the annual report and financial statements which have been prepared using appropriate accounting policies supported by reasonable judgment and estimates in conformity with International Financial Reporting Standards and the requirements of the CLUB's constitution.

The officials further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal controls.

The officials are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the CLUB and of its results and nothing has come to the attention of the officials that the CLUB will not remain a going concern for at least twelve months from the date of this statement.

Approved by the officials on ......26th June......2023 and signed on its behalf by:

.... The Hon. Chair

.... The Hon. Treasurer

.... The Hon. Secretary.

REPORT ON THE FINANCIAL STATEMENTS.

Opinion
We have audited the accompanying financial statements of Mombasa Parents Club (the CLUB), set out on pages 7 to 20, which comprise the balance sheet as at 31st December 2022, the profit and loss account and statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Club as at 31st December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

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 Club in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The Management Board is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statement and our auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

Management's Board Responsibilities
The management board are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the IFRS and the requirement of the Kenyan Companies Act, 2015, and for such internal control as the management 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 statement, the management board are responsible for assessing the CLUB's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis for accounting unless the management board either intend to liquidate the CLUB or to cease operation, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of 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 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.

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REPORT ON THE FINANCIAL STATEMENTS.

Auditors' Responsibilities for the Audit of Financial Statements
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of 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 entity'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 CLUB'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 the auditor's report. However, future events or conditions may cause the CLUB to cease to continue as a going concern

- 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 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 Matters Prescribed by the Kenyan Companies Act, 2015
In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

Yusuf J M & Co
Certified Public Accountants
Mombasa

29 June **2023**

The signing partner responsible for the independent audit was **CPA Juma Mulindwa Yusuf, Practising Certificate No. 1216**

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 KShs	2021 KShs
Income	11	192,431,821	182,465,340
Other income	12	1,872,460	280,638
Total income		194,304,281	182,745,979
Direct expenses	13	(43,886,972)	(37,931,525)
		150,417,309	144,814,454
Expenses			
Administration costs	14	(99,047,245)	(90,965,390)
Establishment costs	15	(10,821,855)	(9,651,793)
Governance costs	16	(307,950)	(58,000)
Other operating expenses	17	(8,609,869)	(6,286,889)
Operating surplus		31,630,391	37,852,383
Financial costs	18	(931,218)	(1,919,195)
Surplus / (Deficit) for the year		30,699,173	35,933,188

STATEMENT OF FINANCIAL POSITION

CAPITAL EMPLOYED	Notes	2022 KShs	2021 KShs
Accumulated fund	4	125,161,742	94,462,571
Development fund	4	18,819,940	11,526,740
Benevolent fund	4	7,774,595	6,584,045
Capital fund	4	169,340,344	169,340,344
Total funds		321,096,620	281,913,699
Non- current liabilities			
Borrowings	5	6,678,100	2,931,824
Total funds employed		327,774,721	284,845,524
REPRESENTED BY			
Non- current assets			
Property, plant and equipment	6	257,122,817	225,996,748
Current assets			
Cash and cash equivalents	7	19,003,362	41,743,132
Trade and other receivables	8	59,635,355	28,913,249
Inventories	9	444,827	1,004,889
		79,083,543	71,661,269
Current liabilities			
Trade and other payables	10	8,431,640	12,812,493
		8,431,640	12,812,493
Net current assets		70,651,904	58,848,776
		327,774,721	284,845,524

The financial statements on pages 7 to 20 were approved by the management on ....26th June.... 2023 and were signed by:

Chairman ....

Treasurer ....

STATEMENT OF CHANGES IN FUNDS

	Notes	Accumulated Fund KShs	Development Fund KShs	Benevolent Fund KShs	Capital Fund KShs	Total KShs
Year ended 31 December 2022						
As at 1st January 2022		94,462,570	11,526,740	6,584,045	169,340,344	281,913,698
Movement during the year		30,699,173	-	1,190,550	-	31,889,723
Membership fees		-	7,293,200	-	-	7,293,200
At end of the year	4	125,161,742	18,819,940	7,774,595	169,340,344	321,096,621
Year ended 31st December 2021						
As at 1st January 2021		58,529,382	(1,295,760)	5,419,445	169,340,344	231,993,410
Movement for the year		35,933,188	-	1,164,600	-	37,097,788
Membership fees		-	12,822,500	-	-	12,822,500
At end of the year	4	94,462,570	11,526,740	6,584,045	169,340,344	281,913,698

CASH FLOW STATEMENT

Operating activities	Notes	2022 KShs	2021 KShs
Operating surplus		31,630,391	37,852,383
Adjustments for:			
Depreciation	6	8,609,869	6,286,889
Changes in working capital			
Decrease in inventories	9	560,062	114,630
(Increase) in trade and other receivables	8	(30,722,106)	(9,832,783)
Increase in trade and other payables	10	(4,380,854)	90,188
		5,697,362	34,511,306
Operating activities			
Interest paid		(931,218)	(1,919,195)
Net cash from / (utilized) by operating activities		4,766,144	32,592,112
Investing activities			
Purchase of property and equipment	6	(39,735,939)	(4,438,344)
Loan repayments	5	(2,931,824)	(5,697,639)
Net Cash utilized by investing activities		(42,667,763)	(10,135,983)
Financing activities			
Membership fee received	4	7,293,200	12,822,500
Benevolent fund	4	1,190,550	1,164,600
Net Cash utilized by financing activities		15,161,850	13,987,100
Increase in cash and cash equivalents		(22,739,770)	36,443,228
Movement in cash and cash equivalents			
At start of year		41,743,132	5,299,903
Increase in cash and cash equivalents		(22,739,770)	36,443,229
At end of year	7	19,003,362	41,743,132

1. Summary of significant accounting policies

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

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings, which is also the functional currency, rounded to the nearest Shilling.

The financial statements comprise of the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below:

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

b) New and amended standards and Interpretations, effective for financial years starting after 1 January 2016

Standards and interpretations issued up to the date of issuance of company financial statements are listed below. The listing of standards and interpretations issued are those that company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. company intends to adopt these standards and interpretations when they become effective.

- **IFRS 5, Non-current assets Held for Sale and Discontinued Operations**
  Annual Improvements 2012-2014 Cycle: Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change.

- **IFRS 7 Financial Instruments: Disclosures**
  - *Annual Improvements 2012-2014 Cycle:* Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.

NOTES (CONTINUED)

1. **Summary of significant accounting policies**

b) New and amended standards and interpretations (Continued)

- **IFRS 7 Financial Instruments: Disclosures (Continued)**
  - *Annual Improvements 2012-2014 Cycle:* Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34.

- **IFRS 9 Financial Instruments**
  A final version of IFRS 9 has been issued which replaces IAS 39. Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition.

  - **IFRS 13 Fair Value Measurement:** It was clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest can be measured at invoice amounts when the effect of discounting is immaterial.

- **IAS 16 Plant, Property and Equipment**
  Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss

  The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments

  The below improvement is not expected to have a material impact on the company's financial position and performance. The improvement become effective for financial years beginning on or after 1 February 2015.

- **Improvements to IFRSs – 2011-2013 Cycle (Issued December 2013)**
  The IASB issued the 2011-2013 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. Only those amendments that the company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date are included in the summary below.

c) Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of services in the course of the CLUB's activities. It is recognised when it is probable that future economic benefits will flow to the CLUB and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs.

c) Revenue recognition (Continued)

Sale of services are recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Interest income is recognised on a time proportion basis using the effective interest method.

d) Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

e) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

f) Financial instruments

Classification

The CLUB classifies its financial instruments into the following categories:

i) Financial assets and financial liabilities at fair value through profit or loss, which comprise financial assets or financial liabilities designated by the CLUB at fair value through profit or loss and which are managed and their performance evaluated on a fair value basis in accordance with the CLUB's investment strategy.

ii) **Held-to-maturity investments,** which comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the CLUB has a positive intention and ability to hold to maturity.

iii) **Loans and receivables,** which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

iv) **Available-for-sale financial assets,** which comprise non-derivative financial assets that are designated as available-for-sale financial assets, and not classified under any of the other categories of financial assets.

NOTES (CONTINUED)

f) Financial instruments (Continued)

v) **Financial liabilities,** which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

Financial liabilities:
All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) Provisions for liabilities
Provisions are recognised when the CLUB has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

h) Post-employment benefit obligations
The CLUB and its employees contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the CLUB's contributions are charged to the profit and loss account in the year to which they relate.

i) Short term employee benefits
The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

j) Property, plant and equipment
All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. Freehold land/buildings/plant and machinery/furniture and equipment/computers, copiers and faxes/motor vehicles are subsequently carried at a revalued amount, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the CLUB over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

NOTES (CONTINUED)

j) Property, plant and equipment (Continued)

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the reducing method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate - %		Rate - %
Motor vehicles	25.0%	Buses	37.5%
Computers, printers	30.0%		
Office equipment & furniture	12.5%		

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

k) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

l) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

2. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the CLUB, the management board make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

2. Significant judgements and key sources of estimation uncertainty (Continued)

a) Significant judgements made in applying the CLUB's accounting policies

The judgements made by the management board in the process of applying the CLUB's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

i) Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and

ii) Whether the CLUB has the ability to hold 'held-to maturity' investments until they mature. If the CLUB were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

3. Risk management objectives and policies

a) Financial risk management

The CLUB's activities expose it to a variety of financial risks including credit, liquidity and market risks. The CLUB's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the CLUB's performance by setting acceptable levels of risk. The CLUB does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a CLUB-wide basis. The CLUB does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

ii) Liquidity risk

Liquidity risk is the risk that the CLUB will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the CLUB's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The CLUB manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

NOTES (CONTINUED)

3. Risk management objectives and policies

a) Financial risk management (Continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

b) Capital management

The CLUB's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its shareholders. The CLUB is not subject to any external capital requirements.

The CLUB manages its capital by evaluating the working capital requirements and investment in non-current assets before borrowings and based on this requirement, setting an internal debt to equity ratio, which it monitors on a regular basis.

	2022 KShs	2021 KShs
4. Funds		
Accumulated Fund	125,161,742	94,462,571
Development Fund	18,819,940	11,526,740
Benevolent Fund	7,774,595	6,584,045
Capital Fund	169,340,344	169,340,344
	321,096,621	281,913,700
5. Borrowings - Kenya Commercial Bank Limited		
At 1st January	2,931,824	8,629,464
Loan disbursed	6,678,100	-
Loan repayment	(2,931,824)	(5,697,639)
At 31st December	6,678,100	2,931,824
Non-current	6,678,100	2,931,824
	6,678,100	2,931,824

Assets financed are fully secured with respective asset financed. Original logbooks, comprehensive insurance and transfer forms.

NOTES (CONTINUED)

6. Property, plant and equipment

	Buses KShs	Computers KShs	Land and Building KShs	Motor Vehicles KShs	Equipment KShs	Furniture & Fittings KShs	Club Tents KShs	Total KShs
As at 1st January 2022								
Cost	38,433,440	8,021,558	206,956,290	1,663,950	10,420,895	12,902,654	466,982	278,865,769
Accumulated depreciation	(31,451,746)	(6,810,196)	-	(1,511,249)	(5,064,867)	(7,602,878)	(428,086)	(52,869,022)
Net book value	6,981,694	1,211,362	206,956,290	152,701	5,356,028	5,299,776	38,896	225,996,747
As at 31st December 2022								
Opening net book value	6,981,694	1,211,362	206,956,290	152,701	5,356,028	5,299,776	38,896	225,996,747
Additions	6,678,100	2,145,500	22,202,040	132,700	4,039,935	4,099,664	438,000	39,735,939
Depreciation charge	(5,122,423)	(1,007,059)	-	(71,350)	(1,174,495)	(1,174,930)	(59,612)	(8,609,869)
Closing NBV	8,537,371	2,349,803	229,158,330	214,050	8,221,468	8,224,510	417,284	257,122,818

	Buses KShs	Computers KShs	Land and Building KShs	Motor Vehicles KShs	Equipment KShs	Furniture & Fittings KShs	Club Tents KShs	Total KShs
As at 1st January 2021								
Cost	38,433,440	7,157,678	206,675,490	1,663,950	7,222,696	12,807,189	466,982	274,427,425
Accumulated depreciation	(27,262,729)	(6,291,038)	-	(1,460,349)	(4,299,720)	(6,845,768)	(422,529)	(46,582,133)
Net book value	11,170,711	866,640	206,675,490	203,601	2,922,976	5,961,422	44,453	227,845,292
As at 31st December 2021								
Opening net book value	11,170,711	866,640	206,675,490	203,601	2,922,976	5,961,422	44,453	227,845,292
Additions	-	863,880	280,800	-	3,198,199	95,465	-	4,438,344
Depreciation charge	(4,189,017)	(519,157)	-	(50,900)	(765,147)	(757,111)	(5,557)	(6,286,889)
Closing NBV	6,981,694	1,211,362	206,956,290	152,701	5,356,028	5,299,776	38,896	225,996,747
At year end 31st December 2021								
Cost	38,433,440	8,021,558	206,956,290	1,663,950	10,420,895	12,902,654	466,982	278,865,769
Accumulated depreciation	(31,451,746)	(6,810,196)	-	(1,511,249)	(5,064,867)	(7,602,878)	(428,086)	(52,869,022)
Net book value	6,981,694	1,211,362	206,956,290	152,701	5,356,028	5,299,776	38,896	225,996,747

NOTES (CONTINUED)

	2022 KShs	2021 KShs
7. Cash and cash equivalents		
Bank balances	18,948,754	41,633,904
Cash balances	54,608	109,228
	19,003,362	41,743,132
For the purpose of cash flow statement, the year end cash and cash equivalents comprise the following Cash and bank balances as above.	19,003,362	41,743,132
8. Trade and other receivables		
Amounts falling due within one year:-		
Trade receivables	50,229,927	25,237,201
Other receivables	9,405,428	3,676,048
	59,635,355	28,913,249
9. Inventories		
As at 31 December	444,827	1,004,889
	444,827	1,004,889
10. Trade and other payables		
Amounts falling due within one year:-		
Pre-paid school fees	7,387,501	11,445,000
Other payables and accrued charges	1,044,139	1,367,493
	8,431,640	12,812,493
11. Income		
School income	155,392,833	146,687,332
Transport income	20,664,384	20,088,094
Cafeteria income	16,374,604	15,689,914
	192,431,821	182,465,340
12. Other income		
Miscellaneous income	1,872,460	280,638
	1,872,460	280,638
13. Direct costs		
Educational materials and textbooks	4,267,950	3,486,125
Printing and stationeries	9,686,563	7,600,912
Prize giving	1,201,000	1,385,075
Pool chemicals	641,439	669,749
Sports, swimming and events	3,784,329	1,755,824
Social functions	1,095,459	863,301
Mavueni water costs	-	15,316
Training and workshops	281,077	180,423
Fuel and oils	6,372,306	5,724,630
MV repairs, maintenance and licences	3,757,760	4,282,444
Insurance	1,371,667	1,151,232
Hire charges	69,315	144,728
Food	10,830,717	9,911,214
Gas and charcoal	521,400	419,350
Cutlery and crockery	5,990	233,705
Events	-	107,496
	43,886,972	37,931,525

NOTES (CONTINUED)

	2022 KShs	2021 KShs
14. Administration		
Employment and Medical expenses		
Salaries and wages	77,211,661	68,411,222
NSSF Co. contribution	1,001,520	940,320
Pension expenses	2,749,036	2,464,016
Medical expenses	12,644,696	15,525,996
Staff refreshments	1,400,125	1,142,040
Staff uniforms	146,450	492,015
Airtime	50,877	17,322
Total employment costs	95,204,365	88,992,931
Other administrative expenses		
Telephone, postages & internet	773,936	612,072
Travelling and fares	631,318	241,207
Newspapers, periodicals & subscription	429,868	201,513
Legal and professional fees	1,529,200	359,232
Condolences	29,888	210,435
Audit fees	348,000	348,000
Corporate Social Responsibility	100,670	-
Total other administrative expenses	3,842,880	1,972,459
Total administrative expenses	99,047,245	90,965,390
15. Establishment expenses		
Electricity	1,793,102	1,530,272
Water	218,464	127,896
Licences and rates	181,747	78,569
Insurance	274,756	275,905
Repairs and maintenance	4,693,389	3,214,952
Security charges	1,906,014	1,877,067
Cleaning materials	1,369,254	1,263,319
PPE expenses	341,500	1,283,813
Fuel - Generator and motorbike	43,629	-
Total establishment expenses	10,821,855	9,651,793
16. Governance expenses		
General meeting expenses	307,950	-
Management committee meeting expenses	-	58,000
Total governance expenses	307,950	58,000
17. Other operating costs		
Depreciation	8,609,869	6,286,889
Total other operating expenses	8,609,869	6,286,889
18. Finance Costs		
Bank charges	625,432	375,167
Loan interest	305,786	1,544,028
Total finance costs	931,218	1,919,195

19. Employees

The number of employees for the school during the year was 110.

20. Reporting currency

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

Segments income statements

	School KShs	Transport KShs	Cafeteria KShs	Total KShs
Income				
Tuition fees	142,116,263	-	-	142,116,263
Activity fees	4,988,683	-	-	4,988,683
Library, exercise & text book fees	8,287,888	-	-	8,287,888
Transport fees	-	20,664,384	-	20,664,384
Cafeteria sales	-	-	16,374,604	16,374,604
	155,392,833	20,664,384	16,374,604	192,431,821
Other income				
Form sales	114,655	-	-	114,655
Miscellaneous income	307,724	-	-	307,724
Interview	106,200	-	-	106,200
Interest on current account	1,341,436	-	-	1,341,436
Lost library books	2,445	-	-	2,445
	1,872,460	-	-	1,872,460
Total income	157,265,293	20,664,384	16,374,604	194,304,281
Direct costs				
Educational materials and textbooks	4,267,950	-	-	4,267,950
Printing and stationeries	9,686,563	-	-	9,686,563
Prize giving	1,201,000	-	-	1,201,000
Pool chemicals	641,439	-	-	641,439
Sports, swimming and events	3,784,329	-	-	3,784,329
Social functions	1,095,459	-	-	1,095,459
Training and workshops	281,077	-	-	281,077
Fuel and oils	-	6,372,306	-	6,372,306
MV repairs, maintenance and licences	-	3,757,760	-	3,757,760
Insurance	-	1,371,667	-	1,371,667
Hiring costs	-	69,315	-	69,315
Food	-	-	10,830,717	10,830,717
Gas and charcoal	-	-	521,400	521,400
Replacements	-	-	5,990	5,990
	20,957,817	11,571,048	11,358,107	43,886,972
Administration				
Employment				
Salaries and wages	66,533,429	6,344,568	4,333,664	77,211,661
NSSF co. contribution	828,720	95,040	77,760	1,001,520
Pension expenses	2,319,320	254,528	175,188	2,749,036
Medical expenses	9,489,500	1,652,196	1,503,000	12,644,696
Staff refreshments	1,391,552	8,573	-	1,400,125
Staff uniforms	146,450	-	-	146,450
Airtime expenses	-	50,877	-	50,877
Total employment costs	80,708,971	8,405,782	6,089,612	95,204,365

	School KShs	Transport KShs	Cafeteria KShs	Total KShs
Other administrative expenses				
Telephone, postages & internet	773,936	-	-	773,936
Travelling and fares	584,821	46,497	-	631,318
Newspapers, periodicals & subscriptions	429,868	-	-	429,868
Legal fees	1,529,200	-	-	1,529,200
Condolences	29,888	-	-	29,888
Audit fees	348,000	-	-	348,000
Corporate Social Responsibility	100,670	-	-	100,670
Total other administrative expenses	3,796,383	46,497	-	3,842,880
Total administrative expenses	84,505,354	8,452,279	6,089,612	99,047,245
Establishment expenses				
Electricity	1,434,482	-	358,620	1,793,102
Water	218,464	-	-	218,464
Licences and rates	181,747	-	-	181,747
Insurance	274,756	-	-	274,756
Insurance motorcycle	0	-	-	0
Repairs and maintenance	4,693,389	-	-	4,693,389
Security charges	1,334,214	381,204	190,596	1,906,014
Cleaning materials	1,026,054	-	343,200	1,369,254
PPE expenses	341,500	-	-	341,500
Fuel - Generator	43,629	-	-	43,629
Total establishment expenses	9,548,235	381,204	892,416	10,821,855
Governance expenses				
General meeting expenses	307,950	-	-	307,950
Total governance expenses	307,950	-	-	307,950
Other operating costs				
Depreciation	3,487,446	5,122,423	-	8,609,869
Total other operating expenses	3,487,446	5,122,423	-	8,609,869
Finance Costs				
Bank charges	450,328	169,839	5,265	625,432
Loan interest	-	180,911	-	180,911
Total establishment expenses	575,203	350,750	5,265	931,218
Total expenses	119,382,004	25,877,704	18,345,400	163,605,109
Surplus/(Deficit) for the year	37,883,289	(5,213,320)	(1,970,796)	30,699,173

The Mombasa Parents Club
Annual Report and Financial Statements
For the year ended 31st December 2022

Segments income statements

	School KShs	Transport KShs	Cafeteria KShs	Total KShs
Income				
Tuition fees	132,552,568	-	-	132,552,568
Activity fees	5,126,058	-	-	5,126,058
Library, exercise and text book fees	9,008,706	-	-	9,008,706
Transport fees	-	20,008,594	-	20,008,594
Bus hire	-	79,500	-	79,500
Cafeteria sales	-	-	15,689,914	15,689,914
	146,687,332	20,088,094	15,689,914	182,465,340
Other income				
Form sales	73,600	-	-	73,600
Miscellaneous income	92,000	-	-	92,000
Interview	83,000	-	-	83,000
Interest on current account	31,538	-	-	31,538
Lost library books	500	-	-	500
	280,638	-	-	280,638
Total income	146,967,971	20,088,094	15,689,914	182,745,979
Direct costs				
Educational materials and textbooks	3,486,125	-	-	3,486,125
Printing and stationeries	7,600,912	-	-	7,600,912
Prize giving	1,385,075	-	-	1,385,075
Pool chemicals	669,749	-	-	669,749
Sports swimming and events	1,755,824	-	-	1,755,824
Social functions	863,301	-	-	863,301
Mavueni water cost	15,316	-	-	15,316
Training and workshops	180,423	-	-	180,423
Fuel and oils	-	5,724,630	-	5,724,630
MV repairs, maintenance and licences	-	4,282,444	-	4,282,444
Insurance	-	1,151,232	-	1,151,232
Hiring costs	-	144,728	-	144,728
Food	-	-	9,911,214	9,911,214
Gas and charcoal	-	-	419,350	419,350
Replacements	-	-	233,705	233,705
Events	-	-	107,496	107,496
	15,956,725	11,303,034	10,671,765	37,931,525
Administration				
Employment				
Salaries and wages	58,622,211	5,873,440	3,915,571	68,411,222
NSSF Co. contribution	768,240	94,320	77,760	940,320
Pension expenses	2,059,472	237,442	167,102	2,464,016
Medical expenses	12,369,960	1,652,196	1,503,840	15,525,996
Staff refreshments	1,142,040	-	-	1,142,040
Staff uniforms	478,443	-	13,572	492,015
Airtime expenses	-	17,322	-	17,322
Total employment costs	75,440,366	7,874,720	5,677,845	88,992,931

The Mombasa Parents Club
Annual Report and Financial Statements
For the year ended 31st December 2022

	School KShs	Transport KShs	Cafeteria KShs	Total KShs
Other administrative expenses				
Telephone & postages	612,072	-	-	612,072
Travelling and fares	204,733	36,474	-	241,207
Newspapers & periodicals	201,513	-	-	201,513
Legal fees	359,232	-	-	359,232
Condolences	210,435	-	-	210,435
Audit fees	348,000	-	-	348,000
Total other administrative exp.	1,935,985	36,474	-	1,972,459
Total administrative expenses	77,376,351	7,911,194	5,677,845	90,965,390
Establishment expenses				
Electricity	1,170,272	-	360,000	1,530,272
Water	127,896	-	-	127,896
Licences and rates	78,569	-	-	78,569
Insurance	275,905	-	-	275,905
Repairs and maintenance	3,214,952	-	-	3,214,952
Security charges	1,396,827	240,120	240,120	1,877,067
Cleaning materials	959,144	-	304,175	1,263,319
PPE expenses	1,283,813	-	-	1,283,813
Total establishment expenses	8,507,378	240,120	904,295	9,651,793
Governance expenses				
Management committee meeting expens	58,000	-	-	58,000
Total governance expenses	58,000	-	-	58,000
Other operating costs				
Depreciation	2,097,872	4,189,017	-	6,286,889
Total other operating exp	2,097,872	4,189,017	-	6,286,889
Finance Costs				
Bank charges	324,479	20,052	30,636	375,167
Loan interest	582,963	961,065	-	1,544,028
Total establishment expenses	907,442	981,117	30,636	1,919,195
Total expenses	104,903,768	24,624,482	17,284,541	146,812,791
Surplus / (Deficit) for the year	42,064,202	(4,536,388)	(1,594,627)	35,933,188