

**Garden and Ridgeways Residents Association  
Annual Report and Financial Statements  
For the Year Ended 31<sup>st</sup> December, 2019**



**Karanja Kamanu & Company**  
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**NAIROBI**

# **Garden and Ridgeways Residents Association Annual Report and Financial Statements For the Year Ended 31<sup>st</sup> December, 2019**

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**Report of the Office bearers**

**1. Incorporation**

The Association was formed in October 2000 and registered under the societies Act, 1968 CAP.108 on 21<sup>st</sup> November 2001.

**2. Operations Results**

The operation results of the Association for the year are shown on page 8.

**3. Officials**

The officials who were in office during the period of this report are:

Chairman	Edgar Okioga
Vice Chairman	Mary Ann Wariithi
Secretary	Joan Change
Treasurer	Abdulmalek Virani
Assistant Treasurer	Samuel Mwiti
Auditors	Karanja Kamanu & Company Certified Public Accountants P.O. Box 13873-00800 Nairobi.
Bankers	Standard Chartered Bank Ltd Muthaiga Branch P. O. Box 3195 Nairobi.

**4. Auditors**

The Auditors, Karanja Kamanu & Company, Certified Public Accountants of Kenya, have expressed their willingness to continue in office in accordance with section 791(2) of the Companies Act, 2015.

Signed.....  
**Hon Chairman** .....2020

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**Statement of Office Bearers' Responsibilities**

The Societies Act requires the office bearers to prepare financial statements that give a true and fair view of the state of affairs of the association as at the end of the financial year and of the operating results of the association for the year. They are also required to ensure that the Association keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the association. They are also responsible for safeguarding the assets of the association.

The Office bearers accept responsibility for the financial statements that have been prepared using the appropriate accounting policies, supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards for SME's and in the manner and the requirements of the Societies Act.

The Office bearers are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the association and of its profit or loss. The Office bearers further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate system of financial controls.

**Signed.....2020**  
**Hon. Chairman**

**Signed.....2020**  
**Hon. Treasurer**

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**Report of the Independent Auditors to the Members of Garden and Ridgeways Residents Association**

**Opinion**

We have audited the financial statements of Garden and Ridgeway's Residents Association on pages 8 to 12, for the period ended 31 December 2019 which comprise the statement of financial position, the statement of comprehensive income, statement of cash flows, a summary of accounting policies and the explanatory notes. In our Opinion, the financial statements give a true and fair view of the financial position of the Association as at 31<sup>st</sup> December, 2019 and of its operations for the year then ended in accordance with International Financial Reporting Standards for SMEs and comply with the Association's By-laws (Cap108).

**Office bearers' Responsibility for the Financial Statements**

The Office bearers are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Association and of its receipts and expenditure. This responsibility includes selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances as well as designing, implementing and maintaining internal controls to facilitate preparation and presentation of financial statements that are fair and free from material misstatements due to fraud or error.

**Auditor's Responsibility and basis of opinion**

Our responsibility is to express an opinion on the financial statements in this report based on our audit.

We conducted our audit in accordance with the International Auditing Standards. These standards require that we comply with ethical standards and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit includes performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on our assessment of the risk of material misstatement whether due to fraud or error. An audit also includes assessing the accounting policies used and significant estimates made by the Office bearers, as well as evaluating the overall financial statements presentation.

**Key Audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. No such matters were identified during our audit. We therefore have nothing to report in this regard

## **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

The officials are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act 2015 and for such internal control as the officials 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 officials are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless officials either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The officials are responsible for overseeing the Association's financial reporting process.

### **Auditor's 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 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. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (i) 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.
- (ii) 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 Association's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the officials.
- (iv) Evaluate the appropriateness of the officials' 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 association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- (v) 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.
- (vi) Obtain appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

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

**Report on Other Legal Requirements**

As required by the Societies Act we report that

- i) We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account have been kept
- iii) The financial statements are in agreement with the books of account.

**Karanja Kamanu & Company**  
**Certified Public Accountants of Kenya**  
**Nairobi**

**CPA Edward K Kamanu**  
**Practicing Certificate No. 1413**

.....2020

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**Detailed Income Statement**

	<b>Notes</b>	<b>2019 Ksh</b>	<b>2018 Ksh</b>
<b>Income</b>	<b>1</b>	<b><u>1,288,920</u></b>	<b><u>1,129,580</u></b>
<b>Expenses</b>			
Staff and administration costs	2	1,197,554	1,045,063
Selling costs	3	107,556	24,550
Financial charges	4	<u>18,120</u>	<u>16,175</u>
<b>Total Expenses</b>		<b><u>1,323,230</u></b>	<b><u>1,085,788</u></b>
<b>Surplus/(Deficit) for the year</b>		<b><u>(34,310)</u></b>	<b><u>43,792</u></b>



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**Statement of Financial Position**

	Notes	2019 Ksh	2018 Ksh
<b>Non- Current Assets</b>	<b>5</b>	<b>45,477</b>	<b>58,671</b>
<b>Current Assets</b>			
Bank	6	105,988	175,722
		<b>105,988</b>	<b>175,722</b>
<b>Total Assets</b>		<b>151,465</b>	<b>234,393</b>
<b>Long Term Liabilities and Equity</b>			
General reserve fund	7	(14,573)	20,097
Development fund		123,600	123,600
Police post fund	8	21,558	24,496
		<b>130,945</b>	<b>168,193</b>
<b>Current Liabilities</b>			
Payables and accruals	9	20,520	66,200
		<b>20,520</b>	<b>66,200</b>
<b>Total Equity and Liabilities</b>		<b>151,465</b>	<b>224,393</b>

The accounts on pages 8 to 12 together with the notes thereon were approved by the Office bearers on \_\_\_\_\_ and signed on their behalf by

Signed.....2020  
**Hon Chairman**

Signed.....2020  
**Hon Treasurer**

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**Accounting policies**

1. The financial statements have been prepared in accordance with and comply with the International Accounting Standards under the historical cost convention.
2. Resident's subscriptions are accounted for on a receipt basis.
3. Depreciation is calculated on the reducing balance basis to write off the cost of each asset to its residual value over the estimated useful life as follows: -

	Rate
Police Post Container	12.5%
Bicycle	12.5%
Furniture and Equipment	12.5%
Computer Equipment	30.0%
4. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.
5. Receivables are carried at their anticipated realizable value. Bad debts are written off during the year in which they are identified.

**Notes to the Financial Statements**

**1. Income**

	<b>2019</b>	<b>2018</b>
	<b>Ksh</b>	<b>Ksh</b>
Residents monthly contributions	1,192,600	1,057,580
Sponsorship	94,000	72,000
Overprovision on audit fees reversed	2,320	-
	<b>1,288,920</b>	<b>1,129,580</b>

**2. Staff and Administration Costs**

Members' contributions collection fees	422,250	325,000
Accounting and audit including VAT	18,000	20,000
VAT on audit fees	2,520	3,200
Under provision of audit fees write off	-	2,880
Professional fees	17,250	45,900
AGM expenses	52,479	23,500
Subscription (KARA & Friends of Karura Forest)	55,000	20,000
Signboards expenses	-	81,200
Community work (cleaning, repairs & security)	109,550	41,218
Community welfare (funeral expenses)	-	20,000
Social Baraza (Catering)	390,980	270,076
GAARA meetings expenses	121,800	82,930
Zone map expenses	-	90,159
Travelling	3,850	-

Printing & Stationery expense	3,875	19,000
	<u>1,197,554</u>	<u>1,045,063</u>

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**Notes to the Financial Statements (Continued)**

**3. Selling Costs**

	2019	2018
	Ksh	Ksh
Post box rental	9,450	10,100
Branding of GARRA (Umbrellas & Jackets)	87,850	-
Depreciation	10,256	14,450
	<u>107,556</u>	<u>24,550</u>

**4. Financial Charges**

Bank charges	18,120	16,175
	<u>18,120</u>	<u>16,175</u>

**5. Non-current Assets**

Cost	Police Post Container Ksh	Furniture & Equipment Ksh	Computer Equipment Ksh	Bicycle Ksh	Total Ksh
As at 01.01.2019	260,000	11,000	47,840	3,900	322,740
Additions	-	-	-	-	-
As at 31.12.2019	<u>260,000</u>	<u>11,000</u>	<u>47,840</u>	<u>3,900</u>	<u>322,740</u>
<b>Depreciation</b>					
Balance b/d	236,499	10,005	14,352	3213	264,069
Charge for The Year	2,938	124	10,046	86	13,194
Balance c/d	<u>239,437</u>	<u>10,129</u>	<u>24,398</u>	<u>3,299</u>	<u>277,263</u>
<b>NET BOOK VALUE</b>					
31.12.2019	<u>20,563</u>	<u>871</u>	<u>23,442</u>	<u>601</u>	<u>45,477</u>
31.12.2018	<u>23,501</u>	<u>995</u>	<u>33,488</u>	<u>687</u>	<u>58,671</u>

**6. Cash and Bank**

	2019	2018
	Ksh	Ksh
Cash and bank	105,988	167,714
Float Balance with Collector	-	8,008
	<u>105,988</u>	<u>175,722</u>

**7. General Reserve Fund**

Balance brought forward	20,097	(23,695)
Surplus/ (Deficit) for the year	(34,310)	43,792
Balance carried forward	<u>(14,213)</u>	<u>20,097</u>

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**Notes to the Financial Statements (Continued)**

**8. Police Post Fund**

	<b>2019</b>	<b>2018</b>
	<b>Ksh</b>	<b>Ksh</b>
Balance brought forward	24,496	27,996
Depreciation	(2,938)	(3,500)
Balance carried forward	<u><b>21,558</b></u>	<u><b>24,496</b></u>

**9. Payables and Accruals**

Audit fees accrued	18,000	20,000
VAT on audit fees	2,520	3,200
Collector's fees	-	25,000
Gerald Taylor	-	18,000
	<u><b>20,520</b></u>	<u><b>66,200</b></u>

**10. Taxation**

The Association is exempt from corporate taxation per Schedule One Section 10 of the Income Tax Act.