

**NAIROBI CHRISTIAN CHURCH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2015**

**REPORT AND FINANCIAL
STATEMENTS**

Erastus & Co. Certified Public Accountants

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**NAIROBI CHRISTIAN CHURCH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2015**

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**NAIROBI CHRISTIAN CHURCH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2015**

Independent Auditor

Horwath Erastus & Co.
Certified Public Accountants
P. O. Box 55268
00200 – City Square
NAIROBI, KENYA
Tel: +254 20 386 0513 / 386 0521 / 386 0524
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NAIROBI CHRISTIAN CHURCH

REPORT OF THE TRUSTEES – YEAR ENDED 31 DECEMBER, 2015

The trustees submit their report and the audited financial statements for the year ended 31 December, 2015 which disclose the state of affairs of Nairobi Christian Church, as at that date.

COMMITMENT

We are a family of Christian Churches whose members are committed to living their lives in accordance with the teachings of Jesus Christ as found in the Bible. We read and strive to abide by the entire Bible and hold it to be God's inspired and inerrant word.

MISSION

To make disciples of Jésus Christ in Nairobi, its environs and throughout East Africa and maintain a strong steady relationship with God and one another as we teach and admonish each other with God's word. To offer moral and material assistance to the needy in our midst and in our society as we grow in our benevolence.

BOARD OF TRUSTEES

The following were members of the Board of Trustees during the year covered by this report:-

- | | | |
|--------------------|---|---------------|
| 1. Julius Nguku | - | Chairman |
| 2. Edward Okundi | - | Vice Chairman |
| 3. Jarrett Odwallo | - | Treasurer |
| 4. Caroline Abuor | - | Secretary |
| 5. Jeremiah Oginga | - | Member |
| 6. John Maleya | - | Member |
| 7. George Irungu | - | Member |

RESULTS

The statement of comprehensive income is set out on page 5.

BANKERS

1. Commercial Bank of Africa
Mara and Ragati Road, Upper Hill
P.O. Box 30437 - 00100
Nairobi, Kenya
2. Chase Bank
P.O. Box 66015 – 00800
Nairobi, Kenya

INDEPENDENT AUDITOR

Horwath Erastus & Co. Certified Public Accountants of Kenya were appointed on 27th April, 2016 and have expressed their willingness to continue in office.

BY ORDER OF THE BOARD OF TRUSTEES

(For and on its behalf)



Julius Nguku
(Chairman)

Nairobi 06th Oct, 2016

NAIROBI CHRISTIAN CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES - YEAR ENDED 31 DECEMBER, 2015

The Trustees of Nairobi Christian Church are required to prepare financial statements which give a true and fair view of the state of affairs of the Church as at the end of the year and of its comprehensive results for the year. It also requires the Trustees to ensure that proper accounting records which disclose, with reasonable accuracy, the financial position of the church are maintained. The Trustees are also responsible for safeguarding the assets of the church.

The Trustees accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years, and in conformity with generally accepted non-profit accounting principles and applicable international financial reporting standards.

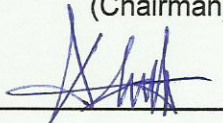
The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Church as at 31 December, 2015 and of its comprehensive results for the year then ended. The Trustees further confirm the accuracy and completeness of the accounting records maintained for the Church which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal control.

Nothing has come to the attention of the Trustees to indicate that the Church, as an entity, will not remain a going concern for at least the next twelve (12) months from the date of this statement.

Approved by the Board of Trustees on 06th Oct, 2016 and signed by:



Julius Nguku
(Chairman)



Jarrett Odwallo
(Treasurer)

REPORT OF THE INDEPENDENT AUDITOR

NAIROBI CHRISTIAN CHURCH - YEAR ENDED 31 DECEMBER, 2015

Report on the Financial Statements

We have audited the accompanying financial statements set out on pages 4 to 15 of Nairobi Christian Church, which comprise the statement of financial position as at 31 December, 2015 and the statement of comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.

Responsibility for the Financial Statements

As stated on page 2, the Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted non-profit accounting principles and applicable international financial reporting standards. That responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of 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.

Responsibility of the Independent Auditor

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and 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 entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, 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.

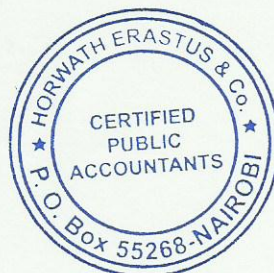
Independent Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Nairobi Christian Church as at 31 December, 2015 and of its financial performance and its cash flows for the year then ended in accordance with non-profit accounting principles and applicable international financial reporting standards.

FCPA Erastus K. Omolo practices in HORWATH ERASTUS & Co. as a firm with other partners. The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Erastus K. Omolo – Practising Certificate No. P/1164.

HORWATH ERASTUS & Co.

HORWATH ERASTUS & Co.
Certified Public Accountants




Nairobi 6 October, 2016

NAIROBI CHRISTIAN CHURCH


STATEMENT OF FINANCIAL POSITION - 31 DECEMBER, 2015

		2015	2014
ASSETS	Note	Kshs	Kshs
Non-Current Assets	3.1	48,769,976	48,113,769
Intangible Asset (Software)	3.2	4,724	10,390
Total Non-Current Assets		48,774,700	48,124,159
Current Assets			
Cash and Bank Balances	7	14,545,084	9,104,824
Investment in Quoted Shares	10	5,465,829	4,848,385
Accounts Receivable	8	6,144,370	7,029,524
Total Current Assets		26,155,283	20,982,733
Less: Current Liabilities			
Accounts Payable	9 (a)	15,545,123	4,717,340
Tax Liability	9 (b)	37,693	37,693
Other Programs	12 (a)	6,488,415	6,262,240
East Africa Missions	12 (b)	148,962	3,251,841
Total Current Liabilities		22,220,193	14,269,114
Net Current Assets		3,935,090	6,713,619
NET ASSETS	Kshs	52,709,790	54,837,778
FINANCED BY:			
Capital Fund		48,774,700	48,124,159
General Reserve Fund		5,878,249	8,515,188
Land Development Fund Deficit		(1,943,159)	(1,801,569)
TOTAL FUND BALANCES (Page 6)	Kshs	52,709,790	54,837,778

These financial statements were approved by the Board of Trustees on 26th Oct 2016 and signed by:-



Julius Nguku
 (Chairman)



Jarrett Odwallo
 (Treasurer)

NAIROBI CHRISTIAN CHURCH

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER, 2015

		2015	2014
INCOME	Note	Kshs	Kshs
Income from Church Members	4 (a)	24,552,297	27,714,103
Rental Income	4 (b)	395,000	569,480
Other Income	4 (c)	11,989,095	3,656,427
Total Income		<u>36,936,392</u>	<u>31,940,010</u>
 EXPENDITURE			
Staff Costs	5	26,128,058	23,436,633
Administration Expenses	6 (a)	5,572,211	5,101,000
Other Operating Costs	6 (b)	4,416,095	3,819,967
Special Activities	6 (c)	4,376,692	1,065,274
Total Expenditure		<u>40,493,056</u>	<u>33,422,874</u>
Less: Tax Expense		0	0
Net Operating Deficit - General Funds		<u><u>(3,556,664)</u></u>	<u><u>(1,482,864)</u></u>
 LAND DEVELOPMENT FUNDS			
			319
Land Development Collections		1,428,676	669,308
Land Development Costs		(1,570,266)	(868,220)
Land Development Fund Deficit (Page 6)		<u>(141,590)</u>	<u>(198,912)</u>
Net Fund Deficit for the year		<u><u>(3,698,254)</u></u>	<u><u>(1,681,776)</u></u>

NAIROBI CHRISTIAN CHURCH

STATEMENT OF CHANGES IN FUND BALANCES - YEAR ENDED 31 DECEMBER, 2015

FUND MOVEMENTS	Capital Fund	General Fund	Land Development Fund	Total Amount
	Kshs	Kshs	Kshs	Kshs
Year Ended 31 December, 2014				
As at 1 January, 2014	48,503,686	8,750,305	(1,602,657)	55,651,334
Property and Equipment Acquisition	913,112	(44,892)	0	868,220
Depreciation Transfer from General Fund	(1,286,973)	1,286,973	0	0
Amortization Transfer from General Fund	(5,666)	5,666	0	0
Net Operating Deficit for the year (Page 5)	0	(1,482,864)	0	(1,482,864)
Land Development Fund Deficit (Page 5)	0	0	(198,912)	(198,912)
Fund Balances at 31 December, 2014	48,124,159	8,515,188	(1,801,569)	54,837,778
Year Ended 31 December, 2015				
As at 1 January, 2015	48,124,159	8,515,188	(1,801,569)	54,837,778
Property and Equipment Acquisition	1,961,372	(391,106)	0	1,570,266
Depreciation Transfer from General Fund	(1,305,165)	1,305,165	0	0
Amortization Transfer from General Fund	(5,666)	5,666	0	0
Net Operating Deficit for the year (Page 5)	0	(3,556,664)	0	(3,556,664)
Land Development Fund Deficit (Page 5)	0	0	(141,590)	(141,590)
Fund Balances at 31 December, 2015	48,774,700	5,878,249	(1,943,159)	52,709,790

NAIROBI CHRISTIAN CHURCH

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER, 2015

		2015	2014
	Note	Kshs	Kshs
Cash Flows From Operating Activities			
Net Operating Deficit for the year (Page 5)		(3,698,254)	(1,681,776)
Adjustments for:-			
Depreciation Charge	3.1	1,305,165	1,286,973
Amortization	3.2	5,666	5,666
Capital Expenditure from Development Fund	3	1,570,266	868,220
Fair Value Gain on Quoted Investments	4	(617,444)	(1,042,773)
Changes in Operating Working Capital			
Increase / (Decrease) in Accounts Receivable		885,154	(2,337,672)
Increase / (Decrease) in Accounts Payable		10,827,783	(65,619)
Increase in Other Programs Funds		226,175	1,618,721
Decrease in East Africa Missions Support Funds		(3,102,879)	(57,876)
Net Cash Generated from / (Used in) Operating Activities		<u>7,401,632</u>	<u>(1,406,136)</u>
Cash Flows Used in Investing Activities:-			
Purchase of Equipment	3 (a)	(391,106)	(44,892)
Land Development	3 (a)	(1,570,266)	(868,220)
Net Cash Used in Investing Activities		<u>(1,961,372)</u>	<u>(913,112)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		<u>5,440,260</u>	<u>(2,319,248)</u>
Movement in Cash and Cash Equivalents			
Cash and Cash Equivalents at 1 January, 2015		9,104,824	11,424,072
Net Increase / (Decrease) in Cash and Cash Equivalents		5,440,260	(2,319,248)
Cash and Cash Equivalents at 31 December, 2015		<u>14,545,084</u>	<u>9,104,824</u>

NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2015

1. BACKGROUND INFORMATION

Legal Status

Nairobi Christian Church is registered under the Societies Act in Kenya. The address of the registered office is L.R. No.11379/3 I.R 23514, Nairobi Christian Church, Spine Road – Off Kangundo Road P.O. Box 48841 – 00100 Nairobi, Kenya.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements are prepared under the historical cost convention, in accordance with applicable international financial reporting standards (IFRS) and generally accepted non-profit accounting principles.

2.2 Income

Regular church income consists of weekly contributions, special contributions and special events contributions. Where special contributions for a future period is received in the current period, it is held in the accounts and reported as a payable in the current period.

The Churches in East Africa receive support from sister churches in the United States, this support comes through East Africa Missions account held in a separate accounting system. At the end of the year, the fund balance in this account is reported in the books of Nairobi Christian Church as a payable.

Rental income from church hall hire and other incomes are recognised in the books when received.

Interest income from fixed deposit account is accounted for net of withholding tax when credited by bank and is included under other income.

2.3 Expenditure

Expenditure is recognised when payments are made. However, accruals are made for outstanding liabilities at the date of the statement of financial position.

2.4 Investment in Quoted Share

Investments in quoted shares are initially recognised at the transaction price and subsequently measured at fair market value, with changes in the fair value being recognised in the statement of comprehensive income. Fair value is determined using the quoted bid price on the date of the statement of financial position as published by the Nairobi Securities Exchange.

2.5 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortisation.

Subsequent costs are included in the assets carrying value, only if it is measurable and is going to increase the value of the asset.

NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT...)

2.5 Property and Equipment (Cont....)

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its useful life. Depreciation is prorated in the year of acquisition and thereafter, calculated annually using the following rates.

<u>Asset Category</u>	<u>Annual Rate (%)</u>
Freehold Land	0
Buildings	2.5
Furniture & Fittings	10
Office Computer	30
Office Equipment	10

Amortisation of Intangible Assets (Software) is done over three years at the rate of 33.3%.

2.6 Translation of Foreign Currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings.

At the reporting date, all assets and liabilities denominated in foreign currencies are translated into Kenya Shillings at the closing rate of the reporting date. Income and expenses are translated at the average rate of exchange prevailing during the reporting period. The exchange rate used for the translation of the reporting period is the rate of exchange prevailing at the reporting date.

2.7 Revenue Recognition

Revenue is recognized when the performance obligation is satisfied and the amount is measurable and collectible. Revenue is recognized when the performance obligation is satisfied and the amount is measurable and collectible.

2.8 Accounts Receivable

Accounts receivable are recognized when the performance obligation is satisfied and the amount is measurable and collectible. Accounts receivable are recognized when the performance obligation is satisfied and the amount is measurable and collectible.

2.9 Cash and Cash Equivalents

Cash and cash equivalents are recognized when the performance obligation is satisfied and the amount is measurable and collectible. Cash and cash equivalents are recognized when the performance obligation is satisfied and the amount is measurable and collectible.

2.10 Provisions

Provisions are recognized when the performance obligation is satisfied and the amount is measurable and collectible. Provisions are recognized when the performance obligation is satisfied and the amount is measurable and collectible.

NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2015

3. NON-CURRENT ASSETS

3.1 Property and Equipment

	Land	Buildings	Furniture & Fixtures	Office Equipment	Computer Equipment	TOTAL
Cost / Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 January, 2015	9,372,177	37,913,239	3,025,263	1,116,033	547,206	51,973,918
Additions	500,000	1,070,266	0	245,526	145,580	1,961,372
At 31 December, 2015	9,872,177	38,983,505	3,025,263	1,361,559	692,786	53,935,290
Depreciation						
At 1 January, 2015	0	1,850,804	1,276,391	389,274	343,680	3,860,149
Charge for the Year	0	928,318	174,887	97,229	104,731	1,305,165
At 31 December, 2015	0	2,779,122	1,451,278	486,503	448,411	5,165,314
Net Book Value						
At 31 December, 2015	9,872,177	36,204,383	1,573,985	875,056	244,375	48,769,976
At 31 December, 2014	9,372,177	36,062,435	1,748,872	726,759	203,526	48,113,769
3.2 Intangible Assets						
Cost	17,000					
Amortization						
At 1 January, 2015	6,610					
Amortization for the year	5,666					
At December 31, 2015	12,276					
Net Book Value						
At 31 December, 2015	4,724					
At 31 December, 2014	10,390					

NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2015

4. CHURCH INCOME	2015	2014
(a) Income from Church Members' Givings	Kshs	Kshs
Weekly Contributions	18,357,564	22,474,000
Special Contributions	3,529,924	4,801,157
Special Events	2,664,809	438,946
Total Income from Church Members' Givings	<u>24,552,297</u>	<u>27,714,103</u>
(b) Rental Income		
Hope Rental Income	207,000	348,880
Church Hall Hire	188,000	220,600
Total Rental Income	<u>395,000</u>	<u>569,480</u>
(c) Other Income		
East Africa Missions Support	11,286,711	2,425,531
Fair Value Gain on Quoted Shares	617,444	1,042,773
Foreign Exchange Gain	37,500	131,872
Sundry Income	47,440	56,251
Total Other Income	<u>11,989,095</u>	<u>3,656,427</u>
5. STAFF COSTS		
Salary and Wages	15,461,454	14,755,598
Staff Benefits	2,741,270	2,675,841
Payroll Taxes	7,925,334	6,005,194
Total Staff Costs	<u>26,128,058</u>	<u>23,436,633</u>
6 (a) ADMINISTRATION COSTS		
Telephone and Communications	455,987	536,259
Travelling	1,874,169	1,922,064
Church Supplies	161,981	304,672
Miscellaneous Expenses	665,363	308,192
Audit Fee	382,800	405,305
Legal & Professional Fees	234,777	257,994
Postage and Shipping	7,610	0
Printing and Photocopying	74,799	26,077
Bank Charges	733,857	351,682
Education and Training	0	86,300
Utilities (Office Expenses)	980,868	902,455
Total Administration Costs	<u>5,572,211</u>	<u>5,101,000</u>

NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2015

	2015	2014
6 (b) Other Operating Expenses	Kshs	Kshs
Rent for Church and Office Facilities	2,336,655	2,046,300
Repairs and Maintenance	543,384	263,817
Insurance	64,505	149,711
Equipment Rental	20,000	0
Depreciation on Property and Equipment	1,305,165	1,286,973
Amortization of Intangible Assets	5,666	5,666
Recruitment / Moving	126,800	0
Capital Expenses	13,920	67,500
Total Other Operating Expenses	<u>4,416,095</u>	<u>3,819,967</u>
6 (c) Special Activities		
Kids Kingdom (Children Ministry)	167,898	155,025
East Africa D/Group	378,500	676,429
Professionals	0	146,770
Teens Camp	434,660	0
Campus	22,500	0
25th Anniversary	2,950,314	0
Other Special Activities	422,820	87,050
Total Special Activities	<u>4,376,692</u>	<u>1,065,274</u>
7. Cash and Bank Balances		
Cash at Bank		
CBA Bank Accounts		
East Africa Missions - USD	30,803	3,157,656
East Africa Missions Sub Dollar - Kshs	85,217	0
East Africa Missions - Kshs	32,942	94,184
Operating Savings Account	25,475	378,267
Special Contribution Savings Account	34,264	434,216
New Orphans & Needy	25,075	241,398
Operating Current Account	556,245	951,281
Operating Current Benevolence Account	466,762	348,935
Chase Bank Accounts		
Chase Bank - A/c No. 008201449600	2,704,849	2,132,399
Fixed Deposit Account Benevolence	340,356	339,633
Fixed Deposit Account Special	209,586	197,451
Fixed Deposit Account Land	865,030	826,122
Fixed Deposit NCA Project	9,135,080	0
Total Cash at Bank	<u>14,511,684</u>	<u>9,101,542</u>
Petty Cash	33,400	3,282
Total Cash and Bank Balances	<u>14,545,084</u>	<u>9,104,824</u>

NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2015

	2015	2014
	Kshs	Kshs
8. Accounts Receivable		
Deposits	25,000	10,000
Prepaid Expenses	70,000	212,300
Non Staff Loans and Advances	324,840	215,427
Staff Loans and Advances	794,571	760,104
Welfare fund	166,125	23,125
Nairobi Christian Academy (Note 12 (c(i)))	4,763,834	5,793,227
Other Receivables	0	15,341
Total Accounts Receivable	<u>6,144,370</u>	<u>7,029,524</u>
9 (a) Accounts Payable		
Sundry Payables	2,780,435	3,340,437
Nairobi Christian Academy (Note 12 (c(ii)))	9,603,000	0
Payroll Liabilities	2,011,088	0
Accrued Audit Fee	1,148,400	1,375,907
Special Contribution	2,200	1,000
Total Accounts Payable	<u>15,545,123</u>	<u>4,717,340</u>
9 (b) Rental Tax Payable		
Balance as at 1 January, 2015	37,693	37,693
Tax for the year	0	0
Balance as at 31 December, 2015	<u>37,693</u>	<u>37,693</u>
10. Investment in Quoted Shares		
Balance at 1 January, 2015	4,848,385	3,805,612
Unrealised Fair Value Gain on Quoted Shares	617,444	1,042,773
Total Investment on Quoted Shares - 31 December, 2015	<u>5,465,829</u>	<u>4,848,385</u>

11. NCA School Project Financing

Nairobi Christian Church took a financing facility from Commercial Bank of Africa of Kshs 11,590,000/= on behalf of Nairobi Christian Academy to finance acquisition of two (2) school buses in May 2014. The loan facility is payable over a period of five (5) years to May 2019. The school is currently servicing the loan facility. The loan balance as at 31 December, 2015 was Kshs 9,317,862/=. In May 2015, Nairobi Christian Church took a loan facility on behalf of Nairobi Christian Academy of Kshs 669,037/= for the insurance of the two school buses, the school has been servicing the loan, the balance as at 31 December, 2015 was Kshs 207,510/=.

12. Related Parties Transactions	Balance as at 01.01.2015	Amount Received	Amount Spent	Balance as at 31.12.2015
	Kshs	Kshs	Kshs	Kshs
(a) Other Program Fund Balances				
Benevolence (Poor) Fund	3,722,949	2,284,929	(1,346,884)	4,660,994
San Antonio (Interns) Program Fund	221,724	1,802,285	(1,156,098)	867,911
Chance Africa (Orphans) Fund	2,089,441	755,340	(2,113,397)	731,384
Funeral Scheme Fund	198,326	0	0	198,326
CDS Account	29,800	0	0	29,800
Total Other Program Funds	<u>6,262,240</u>	<u>4,842,554</u>	<u>(4,616,379)</u>	<u>6,488,415</u>

Other program funds refers to programs run by the Church to help the poor in society as well as to educate orphans and needy children in society. The funding for this comes from the Local Churches through poor contributions and also from the overseas churches through Chance Africa Program in USA.

NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2015

12. Related Party Transactions (Cont..)

(b) East African Missions Support Funds

Nairobi Christian Church receives funds from Sister Churches in USA for supporting the Churches in East Africa. These funds come through East Africa Mission Support Account. Nairobi Christian Church manages those funds on behalf of the Churches in East Africa. At 31 December, 2015, the following balances were held by the Nairobi Christian Church on behalf of East Africa Churches.

	2015	2014
	Kshs	Kshs
At 1 January 2015	3,251,841	3,309,717
Funds received in the year	32,392,269	30,623,769
Funds Spent	(35,495,148)	(30,681,645)
Balance as at 31 December	<u>148,962</u>	<u>3,251,841</u>

(c) Nairobi Christian Academy

Nairobi Christian Church (NCC) opened a school - Nairobi Christian Academy (NCA), which was registered in November 2013. The school started operating independently from the Church beginning 2014 but the management board of the school reports to the church board. The Church received funds and also made payments on behalf of the school. In June 2015, the Church received money from Triangle Church in USA on behalf the school, for the additional construction of the school building. At 31 December, 2015 these funds were still held by the Church and were placed in a fixed deposit account.

(i) Due from Nairobi Christian Academy

At 1 January, 2015	5,793,227	3,538,733
Receipts on behalf of the Academy	10,998,423	19,890,959
Payments made on behalf of the Academy	(12,027,816)	(17,636,465)
Balance as at 31 December (Note 8)	<u>4,763,834</u>	<u>5,793,227</u>

(ii) Due to Nairobi Christian Academy

NCA Construction Funds Held by the Church (Note 9(a))	9,603,000	0
Balance as at 31 December, 2015	<u>9,603,000</u>	<u>0</u>

NCC opened a fixed deposit account for the school with chase bank and deposited Kshs 9,135,000/=, the balance of this funds were held in NCC fixed deposit account.

(d) Key Management Compensation

Salary and Other Employment Benefits	<u>3,430,774</u>	<u>3,256,194</u>
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(e) Loans Balances Due from Key Management Staff	<u>522,956</u>	<u>489,004</u>
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NAIROBI CHRISTIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2015

13. Scope of Account

The statement of comprehensive income includes both the activities of the Church financed out of the general income and income from the land development.

All other income held by the church on behalf of other programs and the respective expenses are held in separate ledger accounts.

The Church holds support for East Africa Missions Churches from the sister churches in the USA in a different ledger account. These funds are transferred to East Africa Missions Account in the ledger as required to pay off the expenses. The expenses paid on behalf of other Churches in East Africa and branches in Kenya are posted directly to their specific accounts, at the end of the year the church makes adjustments to the East Africa Churches specific accounts equal to the equivalent expenses paid on their behalf from the East Africa Missions Account. The balance in this account is carried over to the next period and is held as a liability in the statement of financial position.

14. Retirement Benefits Obligations

The Church operates a registered defined Provident Fund Scheme, the assets are held in a separate Trustee Administered Guaranteed Scheme managed by an insurance company. The scheme is funded by contributions from the Church and the employees at the rate of 9.5% of the basic pay per month per employee. The Church's contributions are charged to the statement of comprehensive income in the year to which they relate. The scheme was registered on 16th January, 2007. Contributions and fund balances prior to the date of registration are segregated in the accounts of the scheme. The Church and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme of the Republic of Kenya.

15. Presentation Currency

The financial statements are presented in Kenya Shillings (Kshs) as the base currency.

16. Taxation

The principal sources of income are not subject to tax in Kenya except for rental income on which the church pays applicable tax.

17. Capital Commitments

There were no capital commitments as at 31st December, 2015.

18. Abbreviations

E.A.M	-	East Africa Missions
Kshs	-	Kenya Shillings
N.C.A	-	Nairobi Christian Academy
N.C.C	-	Nairobi Christian Church
U.S.A	-	United States of America