

**Report of the Auditors
To the members of CUTS - CITEE
for the year ended
31st December 2005.**

We have audited the financial statements set out on pages 3 to 7 which have been prepared on a basis of the accounting policies set out on pages 4 and 5 in accordance with the approved standards.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and to provide a reasonable basis for our opinion.

Respective responsibilities of the Directors and The Auditors

The directors of CUTS - CITEE are responsible for the preparation of financial statements which give a true and fair view of the Organisation's state of affairs and its operating results. Our responsibility is to express independent opinion on the financial statements based on our audit and to report our opinion to you.

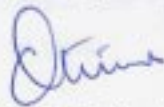
Basis of Opinion

We have conducted our audit in accordance with International Auditing Standards which require that we plan and perform an audit to obtain reasonable assurance that the accounts are free from material misstatement.

An audit includes an examination on test basis of evidence supporting the accounts and disclosures in the financial statements.

Opinion

In our opinion, proper books of account have been kept and the financial statements which are in agreement therewith, give a true and fair view of the state of the CUTS - CITEE's affairs as at 31st December, 2005 and of its operating results for the year then ended and comply with International Accounting Standards.



Certified Public Accountants (K)

Nairobi.

Date 25/05/06

CUTS - CITEE
Income & Expenditure Statement
For the year ended
31st December 2005

		2005 Kshs	2004 Kshs
Income			
External Source -			
Balance brought forward		780,830	-
CUTS - International		4,832,262	4,113,452
CUTS - London		158,460	-
CUTS - Lusaka		-	3,603,672
Friedrick Ebert Foundation		-	254,200
Others - Sale of Furniture		<u>6,500</u>	<u>-</u>
		<u>5,778,052</u>	<u>7,971,324</u>
Other Source - Interest		<u>102</u>	<u>284</u>
Total		<u>5,778,154</u>	<u>7,971,608</u>
Overheads			
Assets	B - 1	114,500	601,395
Direct Costs	B - 2	274,436	2,798,953
Personnel	B - 3	3,117,333	2,283,440
Establishment	B - 4	806,867	809,161
Administration	B - 5	758,544	569,881
Finance	B - 6	<u>66,933</u>	<u>127,948</u>
Total Overheads		<u>5,138,613</u>	<u>7,190,778</u>
Surplus/(Deficit) for the period		<u>639,541</u>	<u>780,830</u>

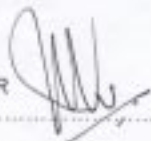
CUTS - CITEE
 Balance Sheet
 As at 31st December 2005

	Note	2005 Kshs	2004 Kshs
Fixed Assets	2	470,247	478,445
Current Assets			
Cash at Bank		604,424	776,085
Cash in Hand		35,117	45,745
		<u>639,541</u>	<u>821,830</u>
Current Liabilities			
Payables		55,000	41,000
		<u>55,000</u>	<u>41,000</u>
Net Current Assets/(Liabilities)		<u>584,541</u>	780,830
Net Assets		<u>1,054,788</u>	<u>1,259,275</u>

Financed by: -

Capital Fund	3	470,247	478,445
General Fund	4	584,541	780,830
Net Worth		<u>1,054,788</u>	<u>1,259,275</u>

DIRECTOR



NAIROBI

DATE 17/05/06