

CUTS-CITEE  
CENTER FOR INTERNATIONAL TRADE, ECONOMICS AND  
ENVIRONMENT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

Prepared by Clyde and Associates

CUTS-CITEE

CENTER FOR INTERNATIONAL TRADE, ECONOMICS AND ENVIRONMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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CUTS-CITEE

CENTER FOR INTERNATIONAL TRADE, ECONOMICS AND ENVIRONMENT  
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FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANY INFORMATION

DIRECTORS	: Professor Jasper A. Okelo : Pradeep S. Mehta : David O. Ong'olo
CHIEF OFFICER	: Clement Victor Onyango
REGISTERED OFFICE	: CUTS-CITEE : Yaya Court, 2nd Floor, Apartment No.5 : P.O. Box 8188-00200 : Nairobi
PRINCIPAL PLACE OF BUSINESS	: Yaya Court, 2nd Floor, Apartment No.5 : P.O. Box 8188-00200 : Nairobi
AUDITORS	: Clyde and Associates : Certified Public Accountants : P.O. Box 210, 00200 : Nairobi
PRINCIPAL BANKERS	: CFC Stanbic Kenya Limited : Kenyatta Avenue Branch, : P.O. Box 30550-00100 : Nairobi



**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Constitution of CUTS-CITEE requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the organization as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the organization maintains proper accounting records which disclose with reasonable accuracy the financial position of the organization.

The directors are also responsible for safeguarding the assets of the organization.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates consistent with previous years, and in conformity with the International Financial Reporting Standards and the requirements of the constitution of CUTS-CITEE. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organization as at 31st December 2013 and of its operating results for the year then ended. The directors further confirm the accuracy and completeness of the accounting records maintained by the organization which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 21/2/ 2014 and signed on its behalf by:

  
\_\_\_\_\_  
BOARD SECRETARY  
\_\_\_\_\_  
DIRECTOR

CUTS-CITEE

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## DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st December 2013 which disclose the state of affairs of the organization.

## PRINCIPAL ACTIVITIES

CUTS-CITEE principal activities are consultancy and research in international trade, economic and environmental issues.

## RESULTS FOR THE YEAR

The results for the year ended 31st December 2013 are set out on page 6 and the appropriations therefrom in the statement of changes in equity on page 8.

## DIRECTORS

The names of directors who held office at the date of this report are shown on page 1.

In accordance with the organization's constitution, no directors are due for retirement by rotation.

## AUDITORS

CLYDE & ASSOCIATES continue in office in accordance with the organization's constitution.

## BY ORDER OF THE BOARD

DIRECTOR

  
2014  
21/02/2014



## **REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD MEMBERS OF CUTS-CITEE**

We have audited the accompanying financial statements set out on pages 5 to 13 of CUTS-CITEE which comprise the balance sheet as at 31st December 2013 and the Income and Expenditure statement, statement of changes in equity and cashflow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal 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

### **Auditor's Responsibility**

Our responsibility is to express an 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 that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

### **Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the organization and of its Income and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the constitution of CUTS-CITEE.

## Report on other legal requirements

As required by the constitution of CUTS-CITEE, we report to you, based on our audit, that;

- i) 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;
- ii) in our opinion proper books of account have been kept by the organization, so far as appears from our examination of those books; and
- iii) the organization's balance sheet and Income and Expenditure statement are in agreement with the books of account.

## Emphasis of matter

We draw attention to note 1 in the financial statements which indicates that financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence in the foreseeable future. Our opinion in this respect is not qualified.

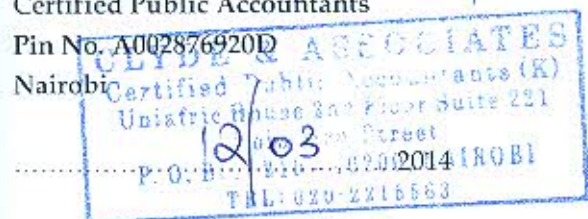
*The Engagement partner responsible for the audit resulting in this independent auditor's report is CPA Clyde Atsango Mutsotso - P/No 1623*

*CPA Clyde Mutsotso P/No 1623*

Certified Public Accountants

Pin No. A00287692010

Nairobi





## CUTS-CITEE

## CENTER FOR INTERNATIONAL TRADE, ECONOMICS AND ENVIRONMENT

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## INCOME AND EXPENDITURE STATEMENT

	Notes	2013 Kshs	Restated 2012 Kshs
<b>Income</b>			
External source			
ACBF		3,316,755	
Akiba Uhaki Foundation		425,000	900,000
CUTS-Head Office		278,040	
CUTS-Geneva Resource Centre		21,139,708	21,695,923
Ford Foundation		315,120	
FES- Kenya		20,000	72,000
Minicom		2,155,543	1,556,258
Trade Mark EA		3,421,488	
TMEA IDS		3,026,200	590,432
Trust Africa		625,514	1,692,720
Other sources-Income		99	
Forex Loss			(322,241)
Forex Gain		199,142	
		<u>34,922,609</u>	<u>26,185,092</u>
<b>Overheads</b>			
Administration	B-1	2,561,015	1,545,954
Direct Costs	B-2	21,049,001	16,511,854
Establishment	B-3	1,257,154	1,393,997
Personnel	B-4	12,826,278	11,507,186
		<u>37,693,448</u>	<u>30,958,991</u>
<b>Total Overheads</b>			
		<u>37,693,448</u>	<u>30,958,991</u>
<b>Surplus/(Deficit) for the period</b>		<u>(2,770,839)</u>	<u>(4,773,899)</u>



## CUTS-CITEE

## CENTER FOR INTERNATIONAL TRADE, ECONOMICS AND ENVIRONMENT

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

**BALANCE SHEET**

	Note	2013	Restated 2012
<b>Non Current Assets</b>			
Property, Plant & Equipment	2	355,547	346,077
		<u>355,547</u>	<u>346,077</u>
<b>Current Assets</b>			
Cash at Bank		367,525	1,749,096
Cash in Hand		693,349	253,645
		<u>1,060,875</u>	<u>2,002,741</u>
<b>Current Liabilities</b>			
Payables		160,000	160,000
CUTS Head Office		6,078,704	3,928,224
Grants Received in Advance		2,148,967	2,461,005
		<u>8,387,671</u>	<u>6,549,229</u>
<b>Net Current Assets</b>		<u>(7,326,796)</u>	<u>(4,546,488)</u>
<b>Total Assets</b>		<u><b>(6,971,249)</b></u>	<u><b>(4,200,411)</b></u>
<b>Financed by:</b>			
Capital fund	4	296,140	296,140
General fund	4	(7,267,389)	(4,496,551)
		<u><b>(6,971,249)</b></u>	<u><b>(4,200,411)</b></u>

  
 ..... DIRECTOR  
 21/02/14

The accounting policies and the notes on pages 10 to 13 form an integral part of the financial statements.

Report of the accountants-Page 4-5

## STATEMENT OF CHANGES IN EQUITY

	GENERAL FUND KSH	RETAINED EARNINGS KSH	TOTAL KSH
As at Jan 1st 2013	(4,496,551)	-	(4,496,551)
Surplus/Deficit for the year	(2,770,839)	-	(2,770,839)
Foreign Exchange Loss			
As at Dec 31st 2013	(7,267,389)	-	(7,267,389)

The accounting policies and the notes on pages 10 to 13 form an integral part of the financial statements.

Report of the independent auditors - page 4 to 5.

**CASH FLOW STATEMENT**

	Notes	2013 Kshs	2012 Kshs
<b>OPERATING ACTIVITIES</b>			
Profit for the Year		(2,770,839)	(4,773,899)
<i>Adjustments for non-cash income and expenses:-</i>			
Depreciation		84,530	84,779
<b>Operating surplus before working capital changes</b>		<b>(2,686,309)</b>	<b>(4,689,120)</b>
<i>Changes in operating assets and liabilities:</i>			
Increase in Receivables		-	-
Accounts Payable		1,838,442	6,449,178
<b>Net cash provided by Operating Activities</b>		<b>(847,867)</b>	<b>1,760,058</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(94,000)	(126,500)
Disposal of Property, Plant and Equipment			
<b>Net cash provided by Investing Activities</b>		<b>(94,000)</b>	<b>(126,500)</b>
Net cash increase for period		(941,867)	1,633,558
Cash at beginning of period		2,002,741	369,183
<b>Cash at end of period</b>		<b>1,060,874</b>	<b>2,002,741</b>

The accounting policies and the notes on pages 10 to 13 form an integral part of the financial statements.

Report of the independent auditors - page 4 to 5.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**a) Basis of preparation**

The financial statements are prepared under the historical cost convention.

**b) Property and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Computers	30
Motorvehicle	25
Furnitures & Fittings	12.5
Office Equipment	12.5

**c) Grant recognition**

Grants are recognised in the year the projects they are designated for are executed.

**d) Foreign Exchange**

Foreign currency monetary items are translated using the closing rate. Grants are translated using the spot rate. The foreign exchange loss has been charged to the General Fund.

**e) Comparatives**

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

Prior period adjustments relate to restatement of amounts owed to CUTS Head Office, Salary and PACT EAC expenses that were not properly stated in prior years.

**CUTS-CITEE****CENTER FOR INTERNATIONAL TRADE, ECONOMICS AND ENVIRONMENT****ANNUAL REPORT AND FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2013****EXPLANATORY NOTES**

	2013	2012
<b>1. Adminstration</b>		
Audit	160,000	160,000
Communication	82,827	88,570
Internet	291,865	278,400
Local Conveyance	126,010	69,480
Travel	309,069	62,735
Newspaper	53,910	51,780
Office Expenses	712,141	255,995
Postage and Delivery	15,922	16,110
Professional Fees	355,000	166,800
Repairs	247,000	226,700
Stationary Supply	116,638	117,147
Water	38,100	8,320
Bank Service Charges	52,533	43,917
Total Adminstration	<u>2,561,015</u>	<u>1,545,954</u>
<b>2 Direct Costs</b>		
Akiba Uhaki Project		509,049
Crew Project	299,312	
EACOMP	3,462,250	
EMACHIGES	318,470	
Ford Foundation	246,173	
Minicom Project	296,300	2,028,219
PACT EAC Project	12,948,233	11,991,834
Regional Intergration	965,118	1,028,456
REKETA Project	1,770,483	
RICS	679,662	746,696
TMEA Scenario Planning	63,000	
CUTS Flower Project		207,600
Total Direct Costs	<u>21,049,001</u>	<u>16,511,854</u>

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	2013	2012
3 Establishment		
Electricity	37,200	45,300
Insurance	60,024	58,118
NSSF	10,600	11,800
Rent	1,064,800	1,194,000
Depreciation Expense	84,530	84,779
Total Establishment	<u>1,257,154</u>	<u>1,393,997</u>
4. Personnel (Salary)		
Personnel (Salary)	12,826,278	11,507,186
Total Personnel (Salary)	<u>12,826,278</u>	<u>11,507,186</u>



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5. Property, Plant and Equipment

	COMPUTER KSH	FURNITURE & FITTINGS KSH	OFFICE EQUIPMENT, KSH	TOTALS KSH
<u>COST VALUATION</u>				
As at 1st Jan 2013	622,679	314,750	204,544	1,141,973
Additions	45,000	49,000	-	94,000
Disposal				
As at 31st Dec 2013	667,679	363,750	204,544	1,235,973
<u>DEPRECIATION</u>				
As at 1st Jan 2013	498,993	157,576	139,327	795,896
Accumulated Depreciation on Disposed Assets		-	-	-
Charge for the year	50,606	25,772	8,152	84,530
	549,599	183,348	147,479	880,426
<u>NET BOOK VALUE</u>				
As at 31st Dec 2013	118,080	180,402	57,065	355,547
As at 31st Dec 2012	123,686	157,174	65,217	346,077