

Faraja Trust

Annual Report 2016



The Year 2016: Results & Achievements

Financial statements for the year ended 31st December 2016 show a net loss of KES 3,876,904 as compared to a net profit of KES 8,400,055 in 2015. Overall income dropped by appx. KES 8 million, mainly as a result of reduced donations. Also, the net results from properties have deteriorated mainly because of cost escalations. The reduction in other income is due to the reduced cash balances and the corresponding drop in interest income. On the cost side, the accounts show a major increase in project implementation costs and a drop in direct project expenses. Administrative expenses increase due to extraordinary effects and the writing off of old balance sheet items that could no longer be substantiated.

The key driver behind the higher project implementation costs are increased investments into capacity building as well as the donation of major assets such as the kitchen equipment to the Latia Resource Center, the agricultural training center started by Faraja Trust (www.latiaresourcecenter.org). This stands against a reduced level of direct project expenses at Latia, which is caused by two main effects: on one hand, apprenticeship student fees have been paid for by another donor in the second half of the year. On the other hand, the Latia Outreach project has been paused in order to do a major evaluation exercise.

In the bigger picture, the development of the expenses for Latia is a reflection of the broader institutional development of the center: Latia developed increased capacities to operate on a business to business basis by offering training and services to small and medium-sized enterprises (i.e. farms and agribusinesses). Moreover, the agricultural apprenticeship programme was accredited by the National Industrial Training Authority. As a result of that, the programme had to be modified in order to allow for external employers to send their trainees to Latia and generally, to better respond to actual industry needs for industrial training.

Capacity building in order to increase the level of independence was also an important aspect in the Trust's support to Faraja Foundation, the implementer of Faraja's social and humanitarian projects (www.farajafoundation.or.ke). However, the Foundation still received the majority of the Trust's direct project expenses. Funding was mainly provided for the Foundations Livelihoods and Scholarships programmes as well as for its activities in prisons and the reintegration of ex-offenders into society. The latter included a special focus on training of prison officers as well as human rights trainings in various prisons.

Major changes in the balance sheet relate to physical investments as well as the increase of a working capital loan to Latia. Thereby, the physical investments include major renovation works of the buildings in Latia, which belong to Faraja Trust. At the same time and as a direct result of this, there was a significant reduction in cash and cash equivalents.

The total value of the non-current assets is quite substantial. This reflects the sustainability of Faraja's projects. On one side, there has been considerable spending for the set-up of the agricultural training institute Latia Resource Center. On the other side, there are the investments into income-generating activities. Both elements are meant to ensure the long-term running and financing of the Trust's charitable projects. Importantly, none of these investments were done on externally borrowed funds.

Profit & Loss Statement 2015 (in KSH)

Income	2016	2015
Grants and Donations	37'274'930	43'441'162
Property Income	41'158'433	41'784'602
Other Income	2'817'407	4'093'366
Total Income	81'250'770	89'319'130

Expenses	2016	2015
Direct Project Expenses	27'822'878	35'265'856
Indirect Project Expenses	28'536'305	19'307'268
Property Expenses	25'644'987	24'432'019
Administrative Expenses	3'123'504	1'913'932
Total Expenses	85'127'674	80'919'075

Profit / Loss for the Year	-3'876'904	8'400'055
-----------------------------------	-------------------	------------------

Balance Sheet 31.12.2015 (in KSH)

Assets*	2016	2015
Current Assets	41'777'011	56'274'172
Non Current Assets	191'520'704	186'538'014
Total Assets	233'297'715	242'812'186

Liabilities	2016	2015
Current Liabilities	8'500'172	14'137'739
Capital Grants	55'000'000	55'000'000
Total Liabilities	63'500'172	69'137'739

Fund Balance	2016	2015
At the beginning of the year	173'674'447	165'274'392
Profit & Loss for the Year	-3'876'904	8'400'055
Total Fund Balance	169'797'543	173'674'447

* All assets are recognized at cost less depreciation / amortization.

These accounts have been audited by Horwath Erastus & Co.,
Morningside Office Park, 2nd Floor (Wing B), Ngong Road,
Nairobi. A full audit report containing no qualification has been
issued to the Board of Trustees.

Faraja Trust

P.O. Box 3302-00506

Nairobi, Kenya

www.faraja.net

info@faraja.net

