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**CHRIST IS THE  
ANSWER MINISTRIES  
[CITAM]**

# **FINANCIAL REPORT**

# **2022**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
AS AT 31<sup>ST</sup> DECEMBER 2022**

**ANNUAL DELEGATES  
CONFERENCE **ADC****

**CHRIST IS THE ANSWER MINISTRIES (CITAM)**

**AUDITED FINANCIAL STATEMENTS**

**AS AT 31 DECEMBER 2022**

**CHRIST IS THE ANSWER MINISTRIES (CITAM)**

**AUDITED FINANCIAL STATEMENTS**

**AS AT 31 DECEMBER 2022**

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**RSM Eastern Africa LLP**  
**Certified Public Accountants**  
**P.O. Box 349 - 00606**  
**NAIROBI**  
Email: [info@ke.rsm-ea.com](mailto:info@ke.rsm-ea.com)  
Website: [www.rsm.global/kenya](http://www.rsm.global/kenya)



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Ministry Information**

<b>DEACON BOARD MEMBERS</b>	: Rev. Calisto Odede	-	Chairman/Presiding Bishop
	: Rev. Dr. John Karita	-	Vice Chairman/Deputy Bishop
	: Mr. Martin Munyu	-	Secretary
	: Mrs. Unny Nzioka	-	Treasurer
	: Mr. David Kitur		
	: Dr. James Ogutu		
	: Mr. Michael Wamache		
	: Mr. Richard Arina		
	: Mr. George Asoyo		
	: Mrs. Christine Ojera		
	: Mrs. Catherine Wahome		
	: Ms. Esther Chengo		
	: Mrs. Mercy Mukiiri		
	: Mr. James Munene		
	: Rev. Kenneth Isige	-	Director for Administration (Ex-officio)
<b>REGISTERED ADDRESS</b>	: Christ Is The Answer Ministries 2nd Parklands Avenue P. O. Box 42254 - 00100 Nairobi, Kenya		
<b>PRINCIPAL BANKERS</b>	: Co-operative Bank of Kenya Limited University Way Branch P. O. Box 48231 - 00100 Nairobi, Kenya		
	: KCB Bank Kenya Limited Sarit Centre Branch P. O. Box 14959 - 00800 Nairobi, Kenya		
	: Stanbic Bank Kenya Limited Waiyaki Way Branch P. O. Box 30550 Nairobi, Kenya		
<b>LEGAL ADVISOR</b>	: GMM Advocates Maharaja House, 2nd Floor Shivach Road, Opposite MP Shah Hospital P. O. Box 54073 - 00200 Nairobi, Kenya		
<b>INDEPENDENT AUDITOR</b>	: RSM Eastern Africa LLP Certified Public Accountants, Kenya 1st Floor, Pacis Centre Slip Road, off Waiyaki Way, Westlands P.O. Box 349 - 00606 Nairobi, Kenya		



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Report of the Deacon Board

The Deacon Board has pleasure in presenting its report together with the audited financial statements for the year ended 31st December 2022.

#### REGISTRATION

CITAM is registered under the Kenyan Societies Act under Certificate Number 8870.

#### PRINCIPAL ACTIVITY

The principal activity of the Ministry is "to know God and make Him known through evangelism and discipleship".

#### FINANCIAL PERFORMANCE OVERVIEW

This is presented in the Treasurer's report, pages on 3 to 6.

#### RESULTS

The results for the year are set out in the Statement of Income and Expenditure on page 15.

#### CITAM CORPORATE GOVERNANCE

The statement of Corporate Governance is set out on pages 7 to 11.

#### DEACON BOARD MEMBERS

The names of the members who served during the year and upto the date of this report are set out on page 1.

Changes during the year were as follows :-

##### Joined on 30/04/2022

- Dr. James Ogutu
- Mr. Michael Wamache

##### Term ended on 30/04/2022

- Mr. Caleb Mutali
- Mr. Abraham Irudhayaraj

#### INDEPENDENT AUDITORS

During the year, RSM Eastern Africa LLP was appointed as the Ministry's auditor and has expressed its willingness to continue in office.

04<sup>th</sup> MARCH 2023

By Order of the Deacon Board

  
Secretary

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Report of the Treasurer

#### 2022 OVERVIEW

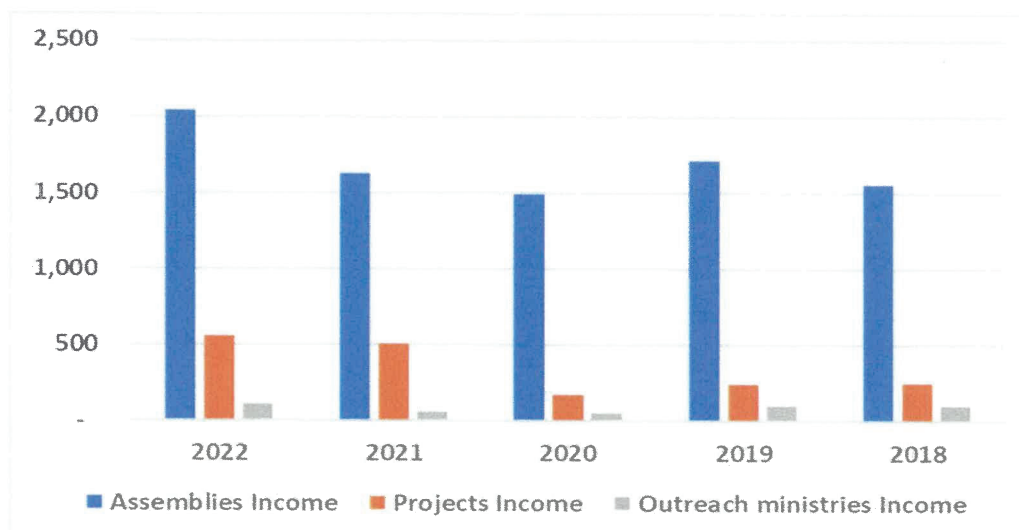
##### Operating Environment

The operating environment in the year 2022 improved compared to the previous year following a full resumption to normalcy. The Kenyan economy has been on a steady recovery from the negative impact of the COVID-19 pandemic. This trend has been affected by high inflation rates, high prices for commodities and reduction in agricultural production due to prolonged drought in the country.

The ministry continues to record an impressive performance over the years amidst the emerging issues which included the electioneering period in the year under review. The consistent and faithful giving by members and other partners enabled the ministry to carry out its operations.

This is evidenced by the Year-on-Year income trend shown below:

##### Five Year Income



##### Analysis of the total income for the last five (5) years

	2022	2021	2020	2019	2018
	Kshs. Millions	Kshs. Millions	Kshs. Millions	Kshs. Millions	Kshs. Millions
Assemblies Income	2,042	1,626	1,494	1,714	1,556
Projects Income	748	623	227	375	280
Outreach ministries Income	107	60	52	99	102
<b>Total Income</b>	<b>2,897</b>	<b>2,309</b>	<b>1,773</b>	<b>2,188</b>	<b>1,938</b>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Report of the Treasurer.../(Contd.)

#### Income

Total income for the year 2022 increased by 26% to Kshs 2.90 billion up from Kshs 2.31 billion net of inter-unit 'sales'. This was attributed to the progressive economic recovery, full lifting of COVID-19 restrictions hence resumption of full operations in the business environment.

Assemblies' income increased by 26% to Kshs 2.04 billion up from Kshs 1.63 billion, with most of the Assemblies recording income growth in 2022 compared to 2021. This was attributable to significant increase in tithe and offerings and ministries' designated income in the Assemblies as in-person church services fully picked during the year.

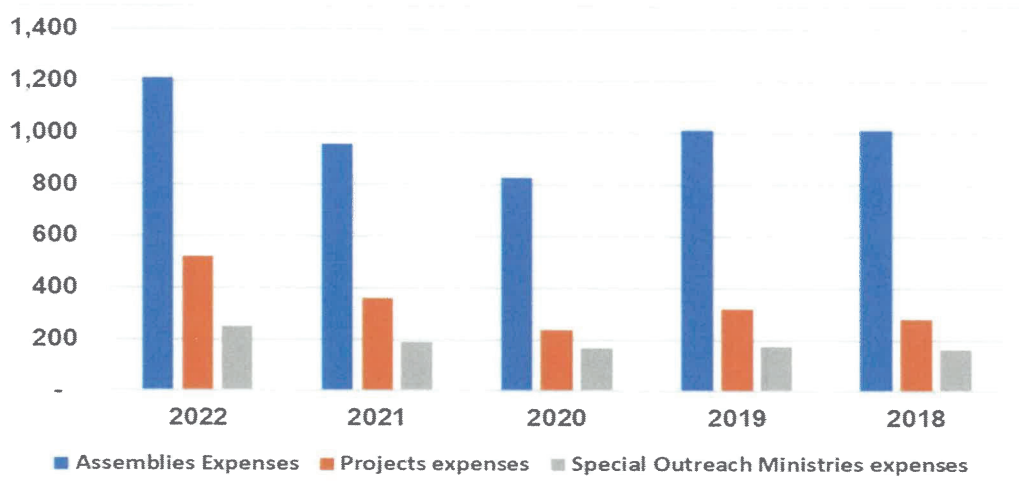
Business units' income increased by 20% to Kshs 748 million up from Kshs 623 million in 2021. This was due to continued increased business operations as a result of economic recovery, increased pupil enrolment in our schools and continued 4 terms in the school academic yearly calendar instead of the usual 3 terms.

Outreach ministries' income increased by 79% to Kshs 107 million up from Kshs 60 million in 2021. This is due to increased sales for Hope Media and donations for support of drought-stricken communities in Northern Kenya.

#### Expenditure

Total operating expenditure for the year 2022 grew by 34% to KShs. 2.18 billion up from KShs. 1.62 billion reported in 2021 net of inter-unit expenditure. Compared to the year 2021, there was a general increase in operating expenses due to increased ministry's operations and increased prices for commodities as evidenced by the trend below.

#### Five-year Expenses





**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Report of the Treasurer..../(Contd.)****Expenditure (Continued)****Analysis of the total expenses for the last five (5) years**

	2022	2021	2020	2019	2018
	Kshs. Millions	Kshs. Millions	Kshs. Millions	Kshs. Millions	Kshs. Millions
Assemblies Expenses	1,212	958	829	1,013	1,011
Projects expenses	714	477	292	416	312
Special Outreach Ministries expenses	251	189	168	176	164
<b>Totals</b>	<b>2,177</b>	<b>1,624</b>	<b>1,289</b>	<b>1,605</b>	<b>1,487</b>

Staff expenses increased by 36% to Kshs 916 million from Kshs 674 million. This is attributed to staff salary harmonisation as a result of a job evaluation exercise carried out during the year, regularization of interns and temporary staff, new engagements and promotions.

Administrative expenses increased by 23% to Kshs 780 million from Kshs 637 million following a return to full ministry operations post COVID-19.

Ministry expenses net of inter-unit expenditure grew by 45% to Kshs 287 million from Kshs 197 million due to increased ministry activities and increased cost of doing business after resumption of in-person church services.

**Surplus**

Surplus before Capital Expenditure increased by 5% to KSh 720 million from KSh 684 million reported in 2021. This was driven by the ministry's overall increase in total income.

There was an increase in Capital expenditure by 6% to Ksh 518 million up from Ksh 488 million. This is largely attributable to the ongoing infrastructural developments in Assemblies and schools and investment in school buses.

Net surplus for the year increased by 3% to KSh 202 million from KSh 196 million reported in 2021.

***Analysis of surplus before capital expenditure for the past 5 years***

	2022	2021	2020	2019	2018
	Kshs millions	Kshs millions	Kshs millions	Kshs millions	Kshs millions
<b>Surplus before Capital Exp</b>	<b>720</b>	<b>684</b>	<b>485</b>	<b>514</b>	<b>458</b>
<b>Capital Expenditure</b>	<b>518</b>	<b>488</b>	<b>199</b>	<b>327</b>	<b>312</b>
<b>Net Surplus for the year</b>	<b>203</b>	<b>196</b>	<b>289</b>	<b>187</b>	<b>145</b>

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Report of the Treasurer.../(Contd.)****Conclusion**

As a Deacon Board we can attest that God has been faithful!

We appreciate all stakeholders; particularly CITAM staff, members, congregants, and partners for serving, praying, and faithfully giving to the work of God.

May the Lord surround you with songs of deliverance.

God bless you.

04<sup>th</sup> MARCH 2023



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**Church Treasurer**

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Statement of Corporate Governance

Christ Is The Answer Ministries [CITAM] is a ministry that is devotedly committed to good corporate practices characterised by prudent management of its affairs. In that respect, CITAM has staunchly continued to indefatigably strengthen and uphold high standards of Corporate Governance.

With the primary objective of enhancing prosperity, sustainability, and corporate accountability, CITAM has set up governance structures guided by its constitution and by-laws. Through these structures, authority is directed, and controlled within the set governance structures with the eventual objective of realising the ministry's long-term values and vision.

CITAM is unreservedly committed to its core values and principles of good governance. Therefore, it diligently seeks to ensure that all its affairs are done with commitment, integrity, transparency, accountability, and ministry in mind. CITAM has a broad and detailed governance structure which is well stipulated in its constitution.

CITAM has continued to ensure, through the Whistle Blowing Policy, that its staff and other stakeholders are protected from any form of danger and victimization for exposing or revealing any form of violation.

#### **Deacon Board**

The Deacon Board plays its fundamental oversight role in the formulation and implementation of policies, strategies and processes that reflect good corporate governance. The board has consistently provided leadership in the administrative, business, and legal matters by ensuring effective governance and fiduciary oversight of the ministry. It has monitored and reviewed the performance of the ministry in their areas of mandate and ensured that the internal controls are adequate and strong enough to safeguard the ministry's resources.

There is an established clear separation of duties between the board and management which is always maintained. The Deacon Board makes all policy decisions while management implements the decisions of the Board through daily operations.

The Deacon Board meets at least quarterly in a year, but additional meetings may be held on a need basis. This is aimed at receiving relevant information to make timely decisions affecting the ministry.

Where necessary Deacon Board appoints task forces and ad hoc committees with a given mandate and timelines.

A total of seven (7) Deacon Board meetings were held during the year.



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Statement of Corporate Governance..../(Contd.)****Deacon Board (continued)**

The table below shows the Deacon Board members who served during the year.

<b>MEMBERS</b>	<b>REMARKS</b>
Bishop Calisto Odede	Chairman
Rev. Dr. John Karita	Vice Chairman
Mrs Unny Nzioka	Church Treasurer
Mr. Martin Munyu	Church Secretary
Mr. George Asoyo	Member
Mrs. Christine Ojera	Member
Mrs. Catherine Wahome	Member
Mr. David Kitur	Member
Mr. Caleb Mutali	Member: Term ended on 30 <sup>th</sup> April 2022
Mr. Richard Arina	Member
Mr. Abraham Irudhayaraj	Member: Term ended on 30 <sup>th</sup> April 2022
Ms. Esther Chengo	Member
Mrs. Mercy Mukiiri	Member
Mr. James Munene	Member
Dr. James Opiyo Ogutu	Member: Term started on 30 <sup>th</sup> April 2022
Mr. Michael M. Wamache	Member: Term started on 30 <sup>th</sup> April 2022
Rev. Kenneth Isige	Ex Officio

The table below shows the number of Deacon Board meetings held during the year.

<b>DATE OF MEETING</b>	<b>ATTENDANCE</b>
22 <sup>nd</sup> January 2022	15
12 <sup>th</sup> March 2022	15
19 <sup>th</sup> March 2022	15
29 <sup>th</sup> April 2022	17
28 <sup>th</sup> May 2022	15
6 <sup>th</sup> August 2022	14
26 <sup>th</sup> November 2022	15

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Statement of Corporate Governance..../(Contd.)

#### Composition of the Deacon Board

The Deacon Board comprises of the Presiding Bishop (Chairman), the Deputy Bishop (Deputy Chairman), the Director For Administration (DFA), not more than 12 elected members, and 3 co-opted members where necessary, (for smooth and efficient running of the church business). The members are nominated at the Assembly level but are elected at the supreme organ of the Ministry which is the Annual Delegates Conference (ADC).

The Board members have a wide range of professional skills and experience, and each bring independent judgement and considerable knowledge which may be useful and helpful in the board discussions.

#### Delegation of Authority

The Deacon Board has ten (10) deacon board committees with delegated authorities. The committees assist the Board in discharging its responsibilities. The committees have clearly defined roles and terms of reference. The committees meet regularly to deliberate on issues that fall under their mandate.

The table below shows the Deacon Board Committees and the respective chairperson during the year.

	Committees	No. of members	Chaired by:
1	Finance committee	7	Deacon Unny Nzioka.
2	Audit & Risk Committee	7	Deacon Richard Arina
3	Human Resources Committee	6	Deacon Catherine Wahome
4	ICT committee	4	Deacon James Munene
5	Media Board committee	7	Deacon Esther Chengo
6	Business committee	9	Deacon David Kitur
7	Building Committee	6	Deacon Caleb Mutali until 30th April 2022. Deacon David Kitur took over from 30th April 2022.
8	Legal Committee	7	Deacon Martin Munyu
9	CITAM Children Centre Committee	8	Deacon Christine Ojera
10	Education Committee	9	Deacon Christine Ojera

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Statement of Corporate Governance..../(Contd.)****Elders Council**

The Elders' Council takes the responsibility for safeguarding the vision and mission of the ministry and oversees all spiritual matters of the ministry. They perform all the duties as stipulated in the constitution.

The Elders' Council meets at least four (4) times a year, but the Presiding Bishop may convene more meetings on need basis. A total of 10 (ten) meetings were held during the year.

The table below shows the Elders' Council members who served in the year 2022.

	<b>COUNCIL MEMBER</b>	<b>COMMENT</b>
1	Bishop Calisto Odede	Chairman
2	Bishop Dr. John Karita	Vice Chairman
3	Elder Don Odera	Secretary
4	Elder Teresia Biu	Elder
5	Elder James Maina	Elder
6	Elder Lawrence Oseje	Elder
7	Elder Boniface Musembi	Elder
8	Elder Joash Aloo	Elder
9	Elder Agnes Mungai	Elder
10	Rev. Kiribwa Isige	Ex-Officio

The table below shows the number of Council of Elders' meetings held during the year and the total attendance for each meeting.

<b>COUNCIL OF ELDERS MEETINGS FOR THE YEAR 2022</b>		
<b>S/No.</b>	<b>DATE OF MEETING</b>	<b>ATTENDANCE</b>
1	14 <sup>th</sup> January 2022	9
2	14 <sup>th</sup> May 2022	9
3	10 <sup>th</sup> June 2022	10
4	11 <sup>th</sup> June 2022	10
5	20 <sup>th</sup> July 2022	10
6	2 <sup>nd</sup> September 2022	10
7	3 <sup>rd</sup> September 2022	10
8	21 <sup>st</sup> October 2022	7
9	18 <sup>th</sup> November 2022	10
10	20 <sup>th</sup> December 2022	10



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Statement of Corporate Governance..../(Contd.)

#### Trustees

All land, buildings and other immovable property including all investments and securities acquired by the CITAM are vested in a trust of the church.

The table below shows the current Board of Trustees.

NAME	COMMENT
Mr. Julius Kitheka	Trustee
Prof. Margaret Hutchinson	Trustee
Mr. David Tanki	Trustee
Mr. Habill Nyasio	Trustee
Dr. Nelson Kuria	Trustee

#### Local Advisory Committee

Every assembly has an advisory committee to support the management and coordination of the affairs of the assembly.

#### Board of Management (BOM)

Every school has a board of management which supports the management and coordination of the affairs of the schools.

It is noteworthy that CITAM Schools qualified for ISO 9001: 2015 standard certification during the year to ensure there is provision of quality services in our schools. The Head Office, which is already ISO certified, ensured compliance in the year with the goal of customer satisfaction and organizational efficiency. ISO has helped CITAM Head Office to meet the needs of its customers and other stakeholders more effectively by building a framework to ensure consistent quality in the provision of goods and/or services and have a framework for more efficiency, continuous improvement, reduction of errors, and maintenance of high standard of service delivery.

#### Compliance statement

CITAM ministry is guided by the Societies Act, 2012 and all other laws and regulations relevant to its operations.

#### Internal controls

It is the responsibility of the Deacon Board to ensure that a system of internal control that provides reasonable assurance of effective and efficient operations in the ministry is maintained. The ministry has internal control policies and procedures which the Deacon Board has reviewed and are satisfied that appropriate procedures are in place. The business of the church is therefore conducted within this framework and is monitored by the Internal Audit Department and given oversight by the Board Audit Committee.

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Statement of Deacon Board Responsibilities****for the year ended 31<sup>st</sup> December 2022**

The Ministry constitution requires the Deacon Board to prepare financial statements for each financial year that give a true and fair view of the financial position of the Ministry as at the end of the financial year and of its surplus or deficit for that year. It also requires the Deacon Board to ensure that the Ministry keeps proper accounting records that: (a) show and explain the transactions of the Ministry (b) disclose, with reasonable accuracy, the financial position of the Ministry; and (c) enable the Deacon Board to ensure that every financial statement required to be prepared complies with the requirements of the Societies Act, Cap 108, 2012 (Laws of Kenya).

The Deacon Board accepts responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Societies Act, Cap 108, 2012 (Laws of Kenya). The Board also accepts responsibility for:

- i) Designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting suitable accounting policies and applying them consistently; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assesment of the Ministry's ability to continue as a going concern, the Deacon Board is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Ministry's ability to continue as a going concern.

The Deacon Board acknowledges that the independent audit of the financial statements does not relieve the Board of its responsibilities.

Approved by the Deacon Board on ..... 04<sup>th</sup> MARCH 2023 and signed on its behalf by:-



Chairman



Treasurer



**RSM Eastern Africa LLP**  
**Certified Public Accountants**

1<sup>st</sup> Floor, Pacis Centre, Slip Road  
 Off Waiyaki Way, Westlands  
 P. O. Box 349 – 00606, Nairobi, Kenya

T: +254 (0) 20 361 4000/4451747/8/9  
 M: +254 (0) 706 347950/772 786111  
 E: info@ke.rsm-ea.com

www.rsm.global/kenya

**REPORT OF THE INDEPENDENT AUDITOR**  
**TO THE MEMBERS OF CHRIST IS THE ANSWER MINISTRIES**

**Opinion**

We have audited the financial statements of **Christ Is The Answer Ministries (The Ministry)** set out on pages 15 to 42, which comprise the statement of financial position as at 31st December 2022, the statement of Income and Expenditure, the statement of changes in funds and statement of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements gives a true and fair view of the financial position of the Ministry as at 31st December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Societies Act, Cap 108, 2012 (Laws of Kenya).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Ministry in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Deacon Board is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Deacon Board for the financial statements**

The Deacon Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Deacon Board 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 Deacon Board is responsible for assessing the Ministry'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 the Deacon Board either intend to liquidate the Ministry or to cease operations, or have no realistic alternative but to do so.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

**Registration number:** LLP-3A1VXM, a limited liability partnership under the Limited Liability Partnership Act, 2011.

**Partners:** Ashif Kassam, Lina Ratansi, Nihla Mazrui, Elvis Ogeto, George Mutua

RSM Eastern Africa LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM Network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.





## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CHRIST IS THE ANSWER MINISTRIES

### Auditors' 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 auditors' 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Deacon Board.
- Conclude on the appropriateness of the Deacon Board 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 Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- 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.

We communicate with the Deacon Board 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA George Mutua**, Practising Certificate No. **A/0011**.

*G. Mutua*

for and on behalf of RSM Eastern Africa LLP  
Certified Public Accountants  
Nairobi

*4th MARCH,* ..... 2023  
017/2023

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## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Income and Expenditure and Other Comprehensive Incomefor the year ended 31st December 2022

		<u>2022</u> KSh	<u>2021</u> KSh
<b>ASSEMBLIES INCOME</b>	<b>Note</b>		
Tithes and offerings		1,902,538,586	1,571,236,167
Fundraising and donations		53,683,205	12,144,908
Ministries and departments		31,338,406	9,920,778
Rental income		10,087,530	6,227,125
Interest income		43,486,356	26,489,500
Other income		1,043,082	32,600
Total assemblies income	4	2,042,177,165	1,626,051,078
<b>ASSEMBLIES EXPENSES</b>			
Staff costs		(484,293,952)	(366,073,495)
Administration costs		(446,380,245)	(394,728,940)
Ministries costs		(281,038,389)	(197,213,051)
Total assemblies expenditure	4	(1,211,712,586)	(958,015,486)
<b>SURPLUS BEFORE PROJECTS AND CAPITAL EXPENDITURE</b>		<b>830,464,579</b>	<b>668,035,592</b>
Projects net surplus	5	33,355,179	145,616,737
Special outreach activities net deficit	6	(143,446,321)	(129,360,695)
Together We Can do More-net surplus (TWM)	8	-	78,217
		(110,091,142)	16,334,259
<b>SURPLUS BEFORE CAPITAL EXPENDITURE</b>		<b>720,373,437</b>	<b>684,369,851</b>
Capital expenditure	9	(517,868,614)	(488,637,004)
<b>SURPLUS FOR THE YEAR</b>		<b>202,504,823</b>	<b>195,732,847</b>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Financial Positionas at 31<sup>st</sup> December 2022

ASSETS	Note	<u>2022</u> Kshs	<u>2021</u> Kshs
<b>Non-current Assets</b>			
Property and equipment	10	7,089,155,744	6,237,354,229
Right of use assets	11	29,100,509	49,158,996
Biological assets	12	402,400	420,000
Investment property	13	525,000,000	324,000,000
Work-in-progress	14	148,895,416	46,504,724
Prepaid operating lease rentals	15	5,238,768,889	5,372,712,382
Intangible assets	16	4,836,842	9,410,458
Long term investments	17	6,059,855	6,059,855
Due from related party	18	509,661,995	486,660,572
		<u>13,551,881,650</u>	<u>12,532,281,216</u>
<b>Current Assets</b>			
Inventories	19	35,558,928	31,592,046
Trade and other receivables	20	83,510,111	91,655,049
Short term fixed deposits	21 (a)	652,455,307	576,441,241
Cash and bank balances	21 (b)	201,167,101	127,721,780
		<u>972,691,447</u>	<u>827,410,116</u>
<b>TOTAL ASSETS</b>		<u><b>14,524,573,097</b></u>	<u><b>13,359,691,332</b></u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Capital fund		13,007,059,289	11,990,401,793
General fund		248,248,120	188,017,806
Reserve fund		353,485,221	221,105,710
Designated fund	22	500,937,816	521,002,180
		<u>14,109,730,446</u>	<u>12,920,527,489</u>
<b>Non-current liabilities</b>			
Borrowings	23	60,603,120	115,943,348
Lease liabilities	25	10,717,228	31,025,226
		<u>71,320,348</u>	<u>146,968,574</u>
<b>Current liabilities</b>			
Trade and other payables	24	264,583,371	187,868,571
Borrowings	23	55,307,834	78,078,003
Lease liabilities	25	23,631,098	26,248,695
		<u>343,522,303</u>	<u>292,195,269</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><b>14,524,573,097</b></u>	<u><b>13,359,691,332</b></u>

The financial statements on pages 15 to 42 were approved by the Deacon Board on 04<sup>th</sup> MARCH 2023 and signed on its behalf by:-

  
Chairman

  
Treasurer

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Changes in Fundsas at 31st December 2022

	Capital <u>Fund</u> Kshs	General <u>Fund</u> Kshs	Reserve <u>Fund</u> Kshs	Designated <u>Fund (Note 21)</u> Kshs	<u>Total</u> Kshs
At 1 January 2021	11,470,528,373	384,721,944	147,111,629	136,225,100	12,138,587,046
Fixed assets additions	836,332,049	-	-	-	836,332,049
Biological assets	(57,000)	-	-	-	(57,000)
Transfers to designated fund (Note 2)	-	(324,000,000)	-	324,000,000	-
Depreciation	(184,057,466)	-	-	-	(184,057,466)
Amortization - Leasehold property	(131,555,335)	-	-	-	(131,555,335)
Amortization - Intangible assets	(788,828)	-	-	-	(788,828)
Receipts during the year	-	-	5,557,096	75,373,064	80,930,160
Payments during the year	-	-	-	(171,719,602)	(171,719,602)
10% tithe allocation	-	-	-	157,123,618	157,123,618
Transfers to reserve fund	-	(68,436,985)	68,436,985	-	-
Surplus for the year	-	195,732,847	-	-	195,732,847
<b>AT 31 DECEMBER 2021</b>	<b>11,990,401,793</b>	<b>188,017,806</b>	<b>221,105,710</b>	<b>521,002,180</b>	<b>12,920,527,489</b>
At 1 January 2022	11,990,401,793	188,017,806	221,105,710	521,002,180	12,920,527,489
Fixed assets revaluation	504,670,275	-	-	-	504,670,275
Fixed assets additions	607,826,908	-	-	-	607,826,908
Biological assets (Note 12)	(20,000)	-	-	-	(20,000)
Transfer to designated fund (Note 22)	-	(34,218,493)	-	34,218,493	-
Depreciation (Note 10)	(151,634,094)	-	-	-	(151,634,094)
Amortization - Leasehold property (Note 15)	(134,621,560)	-	-	-	(134,621,560)
Amortization - Intangible assets (Note 16)	(10,564,033)	-	-	-	(10,564,033)
Fair value gains on investment property	201,000,000	-	-	-	201,000,000
Receipts during the year	-	-	24,323,495	85,373,942	109,697,437
Payments during the year	-	-	-	(329,908,658)	(329,908,658)
10% tithe allocation (Note 22)	-	-	-	190,251,859	190,251,859
Transfers to reserve fund	-	(108,056,016)	108,056,016	-	-
Surplus for the year	-	202,504,823	-	-	202,504,823
<b>AT 31 DECEMBER 2022</b>	<b>13,007,059,289</b>	<b>248,248,120</b>	<b>353,485,221</b>	<b>500,937,816</b>	<b>14,109,730,446</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Cash Flowsfor the year ended 31<sup>st</sup> December 2022

	<u>2022</u> Kshs	<u>2021</u> Kshs
<b>CASH FLOWS FROM OPERATIONS</b>		
Surplus for the year	202,504,823	195,732,847
<b>Adjustments for:</b>		
Capital expenditure	517,868,614	488,637,004
Depreciation of right of use asset	23,620,987	24,613,503
Change in fair value of biological assets	(2,400)	(20,000)
Interest income	(43,325,709)	(26,489,500)
Interest expense	14,922,313	20,944,729
<b>Changes in operating assets and liabilities:</b>		
Increase in inventories	(3,966,882)	(6,268,469)
Decrease in trade and other receivables	8,144,938	20,988,740
Increase in trade and other payables	76,714,800	62,130,482
<b>Cash flows from operating activities</b>	<b>796,481,484</b>	<b>780,269,336</b>
Interest received	43,325,709	26,489,500
<b>Net cash generated from operating activities</b>	<b>839,807,193</b>	<b>806,758,836</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(391,782,151)	(449,543,601)
Additions to work-in-progress	(120,393,461)	(35,872,830)
Additions to operating lease	(678,067)	(1,931,893)
Purchase of intangible assets	(5,012,537)	(1,268,680)
Additions to investment property	-	(324,000,000)
Increase in due from related parties	(23,001,423)	(13,158,852)
<b>Cash flows used in investing activities</b>	<b>(540,867,639)</b>	<b>(825,775,856)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment in borrowings	(78,110,397)	(96,147,290)
Increase in reserve fund	24,323,495	5,557,096
Payments of principal portion of the lease liability	(26,488,095)	(24,028,799)
Interest paid	(14,922,313)	(20,944,729)
Net cash movement in designated funds	(54,282,857)	384,777,080
<b>Cash flows used in financing activities</b>	<b>(149,480,167)</b>	<b>249,213,358</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>149,459,387</b>	<b>230,196,338</b>
Cash and cash equivalents at the beginning of the year	704,163,021	473,966,683
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT END OF THE YEAR (Note 21(b))</b>	<b>853,622,408</b>	<b>704,163,021</b>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements for the year ended 31st December 2022

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### 1.1 Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenyan Shillings, which is also the functional currency (see (c) below) (Kshs).

The financial statements comprise the statement of Income and Expenditure, statement of comprehensive income, statement of financial position, statement of changes in Funds, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the Statement of Income and expenditure account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the statement of income and expenditure account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods.

##### Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Ministry uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Ministry using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Ministry at the end of the reporting period during which the change occurred.

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> December 2022****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****1.2 New and revised financial reporting standards****i) New and revised standards**

Five Amendments to standards became effective for the first time in the financial year beginning 1st January 2022 and have been adopted by the Ministry. None of the Amendments has had an impact on the Ministry's financial statements.

**ii) New and revised standards that have been issued but are not yet effective**

The Ministry has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2022, and the Deacon Board do not plan to apply any of them until they become effective. Note 32 lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Ministry's financial statements in the period of initial application.

**1.3 Revenue recognition**

The Ministry recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Ministry expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Tithes, offerings and gifts from members are recognized when received.

Fundraising and donations income are recognized when received.

Hospitality and media revenue is recognised upon delivery of goods/performance of services and upon customer acceptance.

School fees and is accounted for in the period in which the service is provided.

Interest income is recognised on a time proportion basis using the effective interest method.

Rental income from lease of properties is recognised on a straight-line basis over the respective lease term.

Other income earned is recognized as it accrues.

**1.4 Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

**1.5 Provisions for liabilities**

Provisions are recognised when the Ministry has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31<sup>st</sup> December 2022.... / (Contd)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.6 Property and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Property and equipment purchased from general fund are fully expensed in the statement of comprehensive income in the year of purchase. Those purchased from designated funds are debited to the relevant funds. For purposes of control, they are held in property and equipment and capital fund accounts, so that any change in the assets can be traced. Depreciation of the assets is reflected in both the property and equipment and capital funds accounts. The effect of this is to reduce the value of the fixed assets and capital fund as a result of diminution due to use.

Plant and equipment are subsequently carried at a revalued amount, based on periodic valuation by external independent valuers, less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis at annual rates to write down the cost of each asset to its residual value over its estimated useful life on the following basis:

Freehold land	Nil
Buildings	Nil
Boreholes	Nil
Motor vehicles	25%
Computers & I.T equipment	30%
Equipment	15%
Furniture & fittings	15%
Tents	15%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in the statement of comprehensive income.

Increases in the carrying amount arising on revaluation are recognised in accumulated in funds under the heading of capital fund.

### 1.17 Intangible assets

Computer software license costs and computer software are initially recognised at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by CITAM are recognised as intangible assets. Intangible assets purchased from general fund are fully expensed in the statement of comprehensive income in the year of purchase. Those purchased from designated funds are debited to the relevant funds. Amortisation is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life at an annual rate of 30%.



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> December 2022.... / (Contd)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****1.18 Prepaid operating lease rentals**

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and are amortized over the period of the lease.

**1.19 Investment property**

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost including the transaction costs. Investment Property purchased from general fund are fully expensed in the statement of comprehensive income in the year of purchase. Those purchased from designated funds are debited to the relevant funds. Subsequently, investment property is carried at fair value representing the open market value at the balance sheet date determined by annual valuations carried out by external registered valuers (Level 2). Gains or losses arising from changes in the fair value are recognised in accumulated in funds under the heading of capital fund.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

During the year under review, the accounting policy for investment property was changed from the cost model to the fair value model.

**1.20 Impairment of non-financial assets**

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**1.21 Borrowing costs**

Borrowing costs are recognised in the statement of comprehensive income in the period which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset.

**1.22 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, cash in hand, cash held in paybills and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and cash equivalents as defined above.

**1.23 Financial instruments**

Financial instruments are recognised when, and only when, the Ministry becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Ministry commits itself to the purchase or sale.

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31<sup>st</sup> December 2022.... / (Contd)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.23 Financial instruments (Continued)

#### Classification

The Ministry classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at amortised cost**;
- ii) Financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortised cost;
- Borrowings and trade and other liabilities were classified as at amortised cost.

#### Initial measurement

On initial recognition:

- i) Financial assets or financial liabilities classified as at fair value through statement of income and expenditure are measured at fair value.
- ii) Trade receivables are measured at their transaction price.
- iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

#### Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through Statement of income and expenditure according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in statement of income and expenditure.

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> December 2022.... / (Contd)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****1.23 Financial instruments (Continued)****Impairment**

The Ministry recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in statement of income and expenditure as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**Presentation**

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Ministry's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Ministry does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

**Derecognition/write off**

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Ministry has transferred substantially all risks and rewards of ownership, or when the Ministry has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31st December 2022.... / (Contd)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 1.24 Contingent liabilities

Contingent liabilities arise if there is possible obligation; or present obligation that may, but probably will not, require an outflow of economic resources; or there is a present obligation, but there is no reliable method of estimating the monetary value of the obligation.

#### 1.25 Capital fund

A capital fund is created to represent the funds invested in property and equipment, intangible assets, investment property and leasehold land. Assets purchased from the said categories are credited in the capital fund while the corresponding debit is taken to the general fund. Depreciation and amortisation are debited to the capital fund and credited to the accumulated depreciation of the respective asset.

#### 1.26 General fund

This represents amounts which are expendable at the discretion of CITAM in furtherance of its objectives. Such funds may be held in order to finance working capital or capital investment.

#### 1.27 Reserve fund

During the year, the allocation for reserve funds was increased from 10% to 15% of the surplus before capital expenditure from the general funds. 50% of the allocated funds is set aside for the purchase of land and settling of assemblies effective in the year 2022.

#### 1.28 Designated fund

Funds held for specially defined purposes are classified as designated funds.

#### 1.29 Mission fund

The 10% tithe allocation is designated as / or is used for mission fund.

#### 1.30 Taxation

No income tax provisions are made in these financial statements. The Ministry is exempt from income tax for a period of 5 years from 1st November 2019. The tax exemption certificate number is KRAEXM0080030222 .

#### 1.31 Post employment benefit obligation

The Ministry operates a defined contribution pension scheme for its staff. The assets of the pension scheme were administered by Britam Life Assurance (Kenya) Ltd upto May 2022. Insurance Company of East Africa Ltd (ICEA) took over from June 2022. The scheme is funded by contributions from both the employees and the Ministry. The Ministry's contributions to the scheme are charged to the statement of comprehensive income in the year to which they relate.

The Ministry and its employees also contribute to a statutory defined scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and the Ministry's contributions are charged to the statement of comprehensive income in the year in which they relate.

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31st December 2022.... / (Contd)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****1.32 Foreign exchange gain/loss**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

**1.33 Biological assets**

Biological assets are measured at fair value less estimated point of sale costs.

Any changes to the fair value are recognised in the statement of income and expenditure in the year which they arise.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All costs incurred relating to biological assets are recognised in statement of income and expenditure in the year in which they are incurred.

**1.34 Leases****Leases under which the Ministry is the lessee**

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Ministry recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Ministry is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Ministry's incremental borrowing rate is used.

For leases that contain non-lease components, the Ministry allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in the statement of income and expenditure on a straight-line basis over the lease period.

**1.35 Comparatives**

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



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31st December 2022.... / (Contd)****2. SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the accounting policies adopted by the Ministry, the Deacon Board make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

**i) Critical accounting estimates and assumptions****Property and equipment**

Critical estimates are made by the Deacon Board in determining depreciation rates for property and equipment. The rates used are as set out in Note 1.6 on page 21.

**ii) Critical judgements in applying the entity's accounting policies**

In the process of applying the Ministry's accounting policies, management has made judgements in determining:-

- Provisions and contingencies
- The classification of financial assets and leases.
- Whether assets are impaired.
- whether credit risk on financial assets has increased significantly since initial recognition; and
- how to determine the incremental borrowing rate used in the discounting of lease liabilities.

**3. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS****a) Financial Risks Management Objectives and Policies**

The Ministry's activities expose it to a variety of financial risks. These include market risk, credit risk, liquidity risk and the effects of changes in foreign currency rates. The Ministry's overall risk management programme focuses on the unpredictability of changes in operating environment and seeks to minimise potential adverse effects of such risks on its financial performance by setting acceptable levels of risks, but the Ministry does not hedge any risk.

**i) Market risk**

Market risk is the risk that changes in market prices, such as interest rate, equity prices, and foreign exchange rates will affect the Ministry's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

**ii) Foreign exchange risk**

Currency risk arises on financial instruments denominated in foreign currency. The Ministry has cash and bank that are denominated in foreign currency.

	<b>US\$ Kshs</b>	<b>RON Kshs</b>	<b>NAD Kshs</b>	<b>Total Kshs</b>
<b>Year ended 31st December 2022</b>	57,344,955	139,561	708,598	58,193,114
<b>Year ended 31st December 2021</b>	14,349,443	817,128	270,860	15,437,431

Management considers that an appreciation of the United States Dollar, Romanian New Leu and Namibian Dollar against the Kenya Shilling of 1% and 1% respectively or a depreciation of the United States Dollar, Romanian New Leu and Namibian Dollar against the Kenya Shilling of 1% and 1% respectively in the year ending 31st December 2023 are both reasonably possible. If the United States Dollar, Romanian New Lue and Namibian Dollar were to appreciate/depreciate against the Kenya Shilling by the said percentages, with all other factors remaining constant, the surplus and fund balance would be lower/higher by Kshs 581,931 (2021: Kshs 154,374) respectively.

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31st December 2022.... / (Contd)

## 3. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

## a) Financial Risks Management Objectives and Policies (Continued)

## iii) Price risk

The Ministry does not hold investments that would be subject to price risk.

## iv) Interest rate risk

Interest rate risk is the risk that the Ministry's financial condition may be adversely affected as a result of changes in interest rate levels. The Ministry's interest rate risk arises.

The Ministry is exposed to cash flow interest rate risk on its variable rate borrowings resulting from changes in market interest rates. The Ministry manages this exposure by maintaining a high interest cover ratio, which is the extent to which surplus are available to service borrowing costs. Management consider that a change in interest rates of 1% percentage points in the year ending 31st December 2023 is reasonably possible. If the interest rates on the Ministry's borrowings at the year-end were to increase/decrease by this number of percentage points, with all other factors remaining constant, the surplus and fund balance would be lower/higher by Kshs 1,159,110 (2021: Kshs 1,940,214 ) respectively.

Risk arises from deposits with banking institutions. This exposes the Ministry to cash flow interest rate risk. Management considers that a change in interest rates of 1 basis points in the year ending 31st December 2023 is reasonably possible. If the interest rates on the Ministry's deposit with financial institution at the year-end were to increase/decrease by this number of percentage points, with all other factors remaining constant, the surplus and fund balance would be higher/lower by Kshs 6,524,553 (2021: Kshs 5,764,412) respectively.

## v) Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Ministry's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Ministry manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls. Note 23 provides details of additional undrawn facilities that may be utilised by the Ministry to further reduce liquidity risk.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities .The amounts disclosed are the contractual undiscounted cash flows.

	Less than one month	Between 1-3 months	Between 3-12 months	Over 1 year
	Kshs	Kshs	Kshs	Kshs
<b>31st December 2022</b>				
Trade and other payables	163,584,407	74,041,100	-	-
Borrowings	4,608,986	9,217,972	41,480,876	60,603,120
Lease liabilities	23,631,098	23,631,098	23,631,098	10,717,228
	<b>191,824,491</b>	<b>106,890,170</b>	<b>65,111,974</b>	<b>71,320,348</b>
<b>31st December 2021</b>				
Trade and other payables	117,785,984	48,524,208	-	-
Borrowings	6,506,500	13,013,000	58,558,503	115,943,348
Lease liabilities	2,187,391	4,374,782	19,686,519	31,025,226
	<b>126,479,875</b>	<b>65,911,990</b>	<b>78,245,022</b>	<b>146,968,574</b>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31st December 2022.... / (Contd)

### 3. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

#### a) Financial Risks Management Objectives and Policies (Continued)

##### vi) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a Ministry-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Ministry compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Ministry considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Ministry does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Ministry groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31st December 2022.... / (Contd)

## 3. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

## a) Financial Risks Management Objectives and Policies (Continued)

## vi) Credit risk and expected credit losses

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
At 31st December 2022	Kshs	Kshs	Kshs	Kshs	Kshs
Treasury bonds	5,959,855	-	-	-	5,959,855
Amount due from related party	509,661,995	-	-	-	509,661,995
Trade receivables	-	-	-	68,693,148	68,693,148
Other receivables	-	-	-	46,964,302	46,964,302
Short term fixed deposits	652,455,307	-	-	-	652,455,307
Cash at bank	201,167,101	-	-	-	201,167,101
Gross carrying amount	1,369,244,258	-	-	115,657,450	1,484,901,708
Loss allowance	-	-	-	(78,921,714)	(78,921,714)
Exposure to credit risk	1,369,244,258	-	-	36,735,736	1,405,979,994
At 31st December 2021					
Treasury bonds	5,959,855	-	-	-	5,959,855
Amount due from related party	486,660,572	-	-	-	486,660,572
Trade receivables	-	-	-	75,430,521	75,430,521
Other receivables	-	-	-	42,604,207	42,604,207
Short term fixed deposits	576,441,241	-	-	-	576,441,241
Cash at bank	127,721,780	-	-	-	127,721,780
Gross carrying amount	1,196,783,448	-	-	118,034,728	1,314,818,176
Loss allowance	-	-	-	(77,752,850)	(77,752,850)
Exposure to credit risk	1,196,783,448	-	-	40,281,878	1,237,065,326

Financial assets for which the loss allowance has been measured at an

- (a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- (b) financial assets that are credit impaired at the balance sheet date; and
- (c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

	Not past due Kshs	30 to 90 days past due Kshs	90 to 180 days past due Kshs	Over 180 days past due Kshs	Total Kshs
At 31st December 2022	<u>-</u>	<u>297,739</u>	<u>20,560,941</u>	<u>47,834,468</u>	<u>68,693,148</u>
At 31st December 2021	<u>-</u>	<u>164,196</u>	<u>19,093,370</u>	<u>56,172,955</u>	<u>75,430,521</u>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31st December 2022.... / (Contd)

### 3. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

#### a) Financial Risks Management Objectives and Policies (Continued)

##### vii) Operational risk

Operational risk is the risk of indirect loss arising from a wide variety of causes associated with the Ministry's processes, personnel, technology, infrastructure and external factors other than credit and liquidity risks such as those arising from legal and regulatory requirements and if generally acceptable standard.

The Ministry's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Ministry's reputation with overall cost effectiveness and to avoid any control procedures that restrict initiative and creativity in the Ministry.

The primary responsibility of the development and implementation of controls to address operational risk is assigned to the Deacon Board.

This responsibility is supported by the development of overall Ministry's standards for the management of operational risks in the following areas:-

- Requirements for appropriate segregation of duties including the independent authorization and approval of transactions.
- Requirements for the reconciliation and monitoring transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of control and procedures.
- Requirements for the periodic assessment of operational risks faced by the institution, and adequacy of controls and procedures to address the risks identified.
- Development of contingency plans.
- Training and professional development of its personnel and
- Adherence to ethical and business standard.

Review of compliance with Ministry's standards is done on an ongoing basis.

#### b) Capital management

The Ministry's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its members. The Ministry is not subject to any external capital requirements.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2022.../(Contd)

4. ASSEMBLIES INCOME AND EXPENDITURE	2022			2021		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
CITAM Valley Road	396,477,308	(124,277,281)	272,200,027	335,275,008	(93,965,946)	241,309,062
CITAM Woodley	236,450,768	(65,316,938)	171,133,830	157,889,620	(49,435,388)	108,454,232
CITAM Karen	158,554,003	(69,784,720)	88,769,283	124,784,784	(47,499,267)	77,285,517
CITAM Buruburu	120,019,491	(64,272,121)	55,747,370	101,305,065	(47,025,784)	54,279,281
CITAM Thika Road	128,482,377	(60,407,643)	68,074,734	96,922,803	(44,857,329)	52,065,474
CITAM Ngong	84,527,545	(53,968,082)	30,559,463	67,465,737	(37,281,246)	30,184,491
CITAM Thika Town	62,673,413	(35,933,044)	26,740,369	47,771,027	(22,627,290)	25,143,737
CITAM Parklands	68,222,949	(41,446,907)	26,776,042	54,856,325	(31,048,357)	23,807,968
CITAM Athi River	60,024,767	(38,622,437)	21,402,330	48,154,104	(26,543,390)	21,610,714
CITAM Kitengela	54,486,528	(29,237,575)	25,248,953	35,784,850	(16,401,445)	19,383,405
CITAM Kiambu road	45,778,451	(27,117,086)	18,661,365	33,078,711	(18,149,042)	14,929,669
CITAM Nakuru	41,366,548	(31,405,668)	9,960,880	33,984,687	(22,790,387)	11,194,300
CITAM Kikuyu	40,149,776	(33,056,967)	7,092,809	31,776,450	(22,247,182)	9,529,268
CITAM Rongai	43,960,816	(36,482,384)	7,478,432	30,737,905	(21,414,832)	9,323,073
CITAM Embakasi	51,768,406	(48,060,906)	3,707,500	43,871,019	(35,777,552)	8,093,467
CITAM Clay City	37,225,673	(27,910,986)	9,314,687	27,210,477	(19,964,180)	7,246,297
CITAM Kisumu	39,634,243	(38,019,949)	1,614,294	30,531,523	(27,249,505)	3,282,018
CITAM Eldoret	28,293,338	(26,562,850)	1,730,488	22,122,197	(19,398,124)	2,724,073
CITAM Kangundo road	27,051,049	(26,059,123)	991,926	15,596,756	(16,588,500)	(991,744)
CITAM Naivasha	7,416,895	(15,007,365)	(7,590,470)	6,909,361	(9,699,629)	(2,790,268)
CITAM USA	22,826,833	(27,590,795)	(4,763,962)	18,453,589	(23,723,812)	(5,270,223)
CITAM Kapsabet	5,924,688	(15,300,020)	(9,375,332)	3,777,404	(9,131,251)	(5,353,847)
Regional Secretariat	-	(11,040,578)	(11,040,578)	-	(5,977,847)	(5,977,847)
CITAM Mombasa	26,276,147	(29,843,999)	(3,567,852)	22,151,224	(28,980,883)	(6,829,659)
CITAM Nyeri	16,813,387	(22,176,908)	(5,363,521)	11,185,231	(18,400,476)	(7,215,245)
CITAM Kisii	9,021,766	(20,275,996)	(11,254,230)	8,121,756	(16,294,613)	(8,172,857)
CITAM Romania	2,879,697	(12,260,128)	(9,380,431)	3,684,527	(13,576,862)	(9,892,335)
CITAM Meru	13,377,533	(22,151,341)	(8,773,808)	8,283,175	(19,451,264)	(11,168,089)
CITAM Kakamega	1,326,300	(3,312,534)	(1,986,234)	-	-	-
CITAM Kencho	1,470,361	(5,312,322)	(3,841,961)	-	-	-
CITAM Syokimau	873,425	(3,277,652)	(2,404,227)	-	-	-
CITAM Machakos	798,888	(4,032,511)	(3,233,623)	-	-	-
CITAM Membley	701,857	(3,643,049)	(2,941,192)	-	-	-
CITAM Embu	1,089,744	(4,478,132)	(3,388,388)	-	-	-
Head Office & CED	206,232,195	(134,064,589)	72,167,606	204,365,763	(192,514,103)	11,851,660
	<b>2,042,177,165</b>	<b>(1,211,712,586)</b>	<b>830,464,579</b>	<b>1,626,051,078</b>	<b>(958,015,486)</b>	<b>668,035,592</b>

5. PROJECTS INCOME AND EXPENDITURE	2022			2021		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
CITAM Schools Woodley	182,021,829	(108,053,798)	73,968,031	169,537,728	(83,346,134)	86,191,594
CITAM Schools Ngong	79,096,859	(49,588,021)	29,508,838	65,314,557	(32,161,394)	33,153,163
CITAM Schools Buruburu Primary	76,087,016	(54,210,271)	21,876,745	63,474,411	(41,816,298)	21,658,113
CITAM Schools Athi River	34,088,279	(25,615,321)	8,472,958	39,316,808	(23,264,825)	16,051,983
CITAM Schools Nakuru	35,904,352	(33,845,300)	2,059,052	25,893,520	(19,412,358)	6,481,162
CITAM Schools Kisumu	42,108,322	(43,447,580)	(1,339,258)	36,834,485	(35,349,054)	1,485,431
CITAM Schools Rongai	6,145,099	(6,446,455)	(301,356)	-	-	-
CITAM Schools-Clay city	6,960,534	(6,975,584)	(15,050)	-	-	-
CITAM Schools Eldoret	29,679,675	(33,794,822)	(4,115,147)	21,605,694	(21,857,639)	(251,945)
CITAM Woodley Catering	39,992,737	(29,521,587)	10,471,150	38,998,652	(25,360,087)	13,638,565
CITAM Buruburu Catering	26,244,373	(22,784,484)	3,459,889	20,768,650	(14,556,281)	6,212,369
CITAM Ngong Catering	25,737,953	(19,495,463)	6,242,490	20,123,322	(12,932,126)	7,191,196
CITAM Valley Road Catering	13,556,731	(42,545,544)	(28,988,813)	5,420,958	(22,260,760)	(16,839,802)
CITAM Kisumu Catering	17,100,779	(16,312,151)	788,628	13,370,837	(9,691,649)	3,679,188
CITAM Nakuru Catering	13,015,988	(12,719,365)	296,623	9,795,904	(7,782,079)	2,013,825
CITAM Eldoret Catering	11,578,881	(12,403,403)	(824,522)	8,248,234	(5,656,019)	2,592,215
CITAM Athiriver Catering	10,393,326	(13,703,560)	(3,310,234)	-	-	-
CITAM Parklands Catering	2,111,742	(24,255,830)	(22,144,088)	1,388,520	(13,689,919)	(12,301,399)
CITAM Schools Ngong Transport	16,864,999	(13,797,633)	3,067,366	11,178,959	(9,278,751)	1,900,208
CITAM Schools Buruburu Transport	10,695,228	(10,487,622)	207,606	8,946,581	(7,380,120)	1,566,461
CITAM Schools Kisumu Transport	7,435,424	(7,378,112)	57,312	6,107,300	(4,857,654)	1,249,646
CITAM Schools Woodley Transport	18,403,350	(16,058,286)	2,345,064	14,496,363	(10,757,670)	3,738,693
CITAM Hope Recording Studio	1,058,931	(3,121,489)	(2,062,558)	88,069	(1,027,213)	(939,144)
CITAM Outfitters	24,677,881	(36,981,538)	(12,303,657)	29,375,300	(28,947,688)	427,612
CITAM Kadolta Resort	11,767,248	(44,027,916)	(32,260,668)	10,983,674	(27,805,623)	(16,821,949)
CITAM Creative Department	631,855	(18,537,415)	(17,905,560)	1,316,754	(14,671,501)	(13,354,747)
CITAM Carpentry	-	(6,043,155)	(6,043,155)	-	(3,207,701)	(3,207,701)
CITAM Business Park	4,716,107	(2,568,614)	2,147,493	102,000	-	102,000
	<b>748,075,498</b>	<b>(714,720,319)</b>	<b>33,355,179</b>	<b>622,687,280</b>	<b>(477,070,543)</b>	<b>145,616,737</b>

## a) Breakdown of the projects expenses

Cost of sales	193,136,571	115,766,384
Staff costs	325,937,315	216,002,358
Administrative costs	195,646,433	145,301,801
	<b>714,720,319</b>	<b>477,070,543</b>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2022.../(Contd)

6. SPECIAL OUTREACH INCOME AND EXPENDITURE	2022			2021		
	Income	Expenditure	Surplus/ /(Deficit)	Income	Expenditure	Surplus/ /(Deficit)
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Hope FM	25,203,632	(99,300,620)	(74,096,988)	25,226,462	(95,850,851)	(70,624,389)
Hope TV	14,911,534	(45,991,198)	(31,079,664)	2,079,544	(28,662,813)	(26,583,269)
CITAM Children Centre Kiserian	997,804	(30,563,359)	(29,565,555)	305,375	(26,267,353)	(25,961,978)
Children Centre Kiserian School	5,783,689	(14,487,803)	(8,704,114)	4,853,766	(11,044,825)	(6,191,059)
Heavens Gate & Hells Flames	14,080,015	(14,080,015)	-	4,880,276	(4,880,276)	-
ERDO Project	19,368,374	(19,368,374)	-	12,900,294	(12,900,294)	-
Compassion International Kenya	16,785,119	(16,785,119)	-	9,477,961	(9,477,961)	-
Social Action & Advocacy	9,994,224	(9,994,224)	-	-	-	-
	<b>107,124,391</b>	<b>(250,570,712)</b>	<b>(143,446,321)</b>	<b>59,723,678</b>	<b>(189,084,373)</b>	<b>(129,360,695)</b>

## a) Breakdown of the outreach expenses

Staff costs	106,164,473	91,722,714
Administrative costs	137,532,836	97,339,109
Ministry expenses	6,873,403	22,550
	<b>250,570,712</b>	<b>189,084,373</b>

7. REGIONAL INCOME STATEMENTS	2022			2021		
	Income	Expenditure	Surplus/ (Deficit)	Income	Expenditure	Surplus/ (Deficit)
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
(a) NORTHERN REGION						
CITAM Head Office	108,566,911	(43,074,084)	65,492,827	111,530,629	(74,485,474)	37,045,156
Regional Office	-	(3,265,960)	(3,265,960)	-	(1,558,561)	(1,558,561)
CITAM Valley Road	396,477,308	(124,277,281)	272,200,027	335,275,008	(93,965,946)	241,309,062
CITAM Woodley	236,450,768	(65,316,938)	171,133,830	157,889,620	(49,435,388)	108,454,232
CITAM Thika Road	128,482,377	(60,407,643)	68,074,734	96,922,803	(44,857,329)	52,065,474
CITAM Clay City	37,225,673	(27,910,986)	9,314,687	27,210,477	(19,964,180)	7,246,297
CITAM Thika Town	62,673,413	(35,933,044)	26,740,369	47,771,027	(22,627,290)	25,143,737
CITAM Parklands	68,222,949	(41,446,907)	26,776,042	54,856,325	(31,048,357)	23,807,968
CITAM Meru	13,377,533	(22,151,341)	(8,773,808)	8,283,175	(19,451,264)	(11,168,089)
CITAM Nyeri	16,813,387	(22,178,908)	(5,365,521)	11,185,231	(18,400,476)	(7,215,245)
CITAM Kikuyu	40,149,776	(33,056,967)	7,092,809	31,776,450	(22,247,182)	9,529,268
CITAM Kiambu Road	45,778,451	(27,117,086)	18,661,365	33,078,711	(18,149,042)	14,929,669
CITAM Membley	701,857	(3,643,049)	(2,941,192)	-	-	-
CITAM Embu	1,089,744	(4,478,132)	(3,388,388)	-	-	-
	<b>1,156,010,147</b>	<b>(514,258,326)</b>	<b>641,751,821</b>	<b>915,779,456</b>	<b>(416,190,489)</b>	<b>499,588,968</b>

(b) SOUTHERN REGION	2022			2021		
	Income	Expenditure	Surplus/ (Deficit)	Income	Expenditure	Surplus/ (Deficit)
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
CITAM Head Office	65,127,203	(37,254,495)	27,872,709	67,915,570	(60,719,550)	7,196,019
Regional Office	-	(2,892,075)	(2,892,075)	-	(1,485,438)	(1,485,438)
CITAM Ngong	84,527,545	(53,968,082)	30,559,463	67,465,737	(37,281,246)	30,184,491
CITAM Athi River	60,024,767	(38,622,437)	21,402,330	48,154,104	(26,543,390)	21,610,714
CITAM Buru Buru	120,019,491	(64,272,121)	55,747,370	101,305,065	(47,025,784)	54,279,281
CITAM Rongai	43,960,816	(36,482,384)	7,478,432	30,737,905	(21,414,832)	9,323,073
CITAM Karen	158,554,003	(69,784,720)	88,769,283	124,784,784	(47,499,267)	77,285,517
CITAM Embakasi	51,768,406	(48,060,906)	3,707,500	43,871,019	(35,777,552)	8,093,467
CITAM Kangundo Road	27,051,049	(26,059,123)	991,926	15,596,756	(16,588,500)	(991,744)
CITAM Kitengela	54,486,528	(29,237,575)	25,248,953	35,784,850	(16,401,445)	19,383,405
CITAM Mombasa	26,276,147	(29,843,999)	(3,567,852)	22,151,224	(28,980,883)	(6,829,659)
CITAM Machakos	798,888	(4,032,511)	(3,233,623)	-	-	-
CITAM Syokimau	873,425	(3,277,652)	(2,404,227)	-	-	-
	<b>693,486,268</b>	<b>(443,788,080)</b>	<b>249,698,188</b>	<b>557,767,014</b>	<b>(339,717,887)</b>	<b>218,049,126</b>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2022.../(Contd)

	2022			2021		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
<b>7. REGIONAL INCOME STATEMENTS (CONTINUED)</b>						
<b>c) WESTERN REGION</b>						
CITAM Head Office	13,936,097	(14,286,588)	(350,491)	14,586,293	(22,832,389)	(8,246,097)
Regional Office	-	(4,882,543)	(4,882,543)	-	(2,933,848)	(2,933,848)
CITAM Kisumu	39,634,243	(38,019,949)	1,614,294	30,531,523	(27,249,505)	3,282,018
CITAM Eldoret	28,293,338	(26,562,850)	1,730,488	22,122,197	(19,398,124)	2,724,073
CITAM Kapsabet	5,924,688	(15,300,020)	(9,375,332)	3,777,404	(9,131,251)	(5,353,847)
CITAM Nakuru	41,366,548	(31,405,668)	9,960,880	33,984,687	(22,790,387)	11,194,300
CITAM Kisii	9,021,766	(20,275,996)	(11,254,230)	8,121,756	(16,294,613)	(8,172,857)
CITAM Naivasha	7,416,895	(15,007,365)	(7,590,470)	6,909,361	(9,699,629)	(2,790,268)
CITAM Kakamega	1,326,300	(3,312,534)	(1,986,234)	-	-	-
CITAM Kericho	1,470,361	(5,312,322)	(3,841,961)	-	-	-
	<b>148,390,236</b>	<b>(174,365,835)</b>	<b>(25,975,599)</b>	<b>120,033,221</b>	<b>(130,329,746)</b>	<b>(10,296,526)</b>
<b>(d) INTERNATIONAL ASSEMBLIES</b>						
CITAM Head Office	2,664,468	(3,668,465)	(1,003,998)	3,073,837	(8,165,652)	(5,091,815)
CITAM USA	22,826,833	(27,590,795)	(4,763,962)	18,453,589	(23,723,812)	(5,270,223)
CITAM Romania	2,879,697	(12,260,128)	(9,380,431)	3,684,527	(13,576,862)	(9,892,335)
	<b>28,370,998</b>	<b>(43,519,388)</b>	<b>(15,148,391)</b>	<b>25,211,953</b>	<b>(45,466,326)</b>	<b>(20,254,373)</b>
<b>8. TOGETHER WE CAN DO MORE (TWM)</b>						
Income				-		78,217
<b>9. CAPITAL EXPENDITURE</b>						
Furniture and equipment				156,354,706		102,516,832
Construction work-in-progress				120,393,461		35,872,830
Land and buildings				140,276,863		149,266,517
Tents				10,484,181		37,746,218
Computers				28,343,086		30,714,877
Freehold land				1,390,000		113,500,000
Motor vehicles				140,605,607		37,420,601
Prepaid operating lease rentals				678,067		1,931,893
Computer software/LAN				5,012,537		1,268,680
Boreholes				4,286,000		2,093,601
Biological assets				2,400		20,000
Investment property				-		324,000,000
				<b>607,826,908</b>		<b>836,352,049</b>
Less capital expenditure funded by designated fund				-		(1,743,710)
Less capital expenditure funded by CITAM missions fund				(58,803,903)		(18,538,326)
Less capital expenditure funded by Local Assembly Development Fund (LADF)				(31,154,391)		(3,433,009)
Less capital expenditure funded by Pentecostal Assemblies of Canada (PAOC) mission fund				-		(324,000,000)
				<b>517,868,614</b>		<b>488,637,004</b>

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31<sup>st</sup> December 2022.../(Contd)

10. PROPERTY AND EQUIPMENT									
	Freehold land Kshs	Buildings Kshs	Boreholes Kshs	Motor vehicles Kshs	Furniture & fittings Kshs	Equipment Kshs	Computers Kshs	Tents Kshs	Total Kshs
At 1 January 2021	2,095,619,790	3,311,365,495	15,715,321	235,089,082	235,647,496	775,885,497	88,604,633	177,746,811	6,935,674,125
Additions	113,500,000	149,266,517	2,093,601	37,420,601	27,998,371	74,518,461	30,714,877	37,746,218	473,258,646
Transfers from work-in-progress	-	38,648,776	-	-	-	-	-	19,546,887	58,195,663
At 31st December 2021	2,209,119,790	3,499,280,788	17,808,922	272,509,683	263,645,867	850,403,958	119,319,510	235,039,916	7,467,128,434
DEPRECIATION									
At 1 January 2021	-	-	-	195,280,215	163,792,083	537,767,182	65,382,421	83,494,838	1,045,716,739
Charge for the year	-	-	-	34,992,713	24,423,626	74,702,560	19,038,658	30,899,909	184,057,466
At 31st December 2021	-	-	-	230,272,928	188,215,709	612,469,742	84,421,079	114,394,747	1,229,774,205
NET BOOK VALUE									
At 31 December 2021	2,209,119,790	3,499,280,788	17,808,922	42,236,755	75,430,158	237,934,216	34,898,431	120,645,169	6,237,354,229
COST OR VALUATION									
At 1 January 2022	2,209,119,790	3,499,280,788	17,808,922	272,509,683	263,645,867	850,403,958	119,319,510	235,039,916	7,467,128,434
Additions	1,390,000	140,276,863	4,286,000	140,605,607	23,939,017	132,415,690	28,343,086	10,484,181	481,740,444
Transfers from work-in-progress	-	17,024,890	-	-	(35,588,102)	(617,990,409)	(58,026,407)	(93,839,916)	17,024,890
Revaluation surplus	-	-	-	(71,293,190)	(35,588,102)	(617,990,409)	(58,026,407)	(93,839,916)	(876,738,024)
At 31st December 2022	2,210,509,790	3,656,582,541	22,094,922	341,822,100	251,996,782	364,829,239	89,636,189	151,684,181	7,089,155,744
DEPRECIATION									
At 1 January 2022	-	-	-	230,272,928	188,215,709	612,469,742	84,421,079	114,394,747	1,229,774,205
Charge for the year	-	-	-	60,303,463	20,695,185	40,775,928	17,696,891	12,162,627	151,634,094
Revaluation surplus	-	-	-	(290,576,391)	(208,910,894)	(653,245,670)	(102,117,970)	(126,557,374)	(1,381,408,299)
At 31st December 2022	-	-	-	-	-	-	-	-	-
NET BOOK VALUE									
At 31 December 2022	2,210,509,790	3,656,582,541	22,094,922	341,822,100	251,996,782	364,829,239	89,636,189	151,684,181	7,089,155,744

Motor vehicles, furniture and fittings, equipment, computers and tents were valued by Capital Valuers Limited an independent valuers, on the basis of open market value (Level 2) on 3rd October 2022. The carrying amount of the asset was restated to the revalued amount of the asset, and the resulting surplus arising on revaluation was credited to Capital Funds in the statement of changes in funds. Based on the Deacon Board assessment, fair value as at 31st December 2022, approximates the carrying value in the financial statements.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31<sup>st</sup> December 2022.... / (Contd)**11. RIGHT OF USE ASSETS**

	<u>2022</u> Kshs	<u>2021</u> Kshs
At 1 January	113,184,048	88,831,698
Additions	3,562,500	24,352,350
	<u>116,746,548</u>	<u>113,184,048</u>
<b>AMORTIZATION</b>		
At 1 January	64,025,052	39,411,549
Charge for the year	23,620,987	24,613,503
	<u>87,646,039</u>	<u>64,025,052</u>
<b>NET BOOK VALUE</b>		
<b>At 31 DECEMBER</b>	<u><b>29,100,509</b></u>	<u><b>49,158,996</b></u>

The right-of-use assets relate to leased premises by the Ministry where the lease is beyond 2 years in accordance with the requirements of IFRS 16 - Leases.

Sheep,  
Goats

	<u>Cattle</u> Kshs	<u>&amp; Rabbits</u> Kshs	<u>2022</u> Kshs	<u>2021</u> Kshs
<b>12. BIOLOGICAL ASSETS</b>				
Carrying amount at 1 January	419,000	1,000	420,000	477,000
Increase due to growth and new births	-	2,400	2,400	20,000
Decrease due to deaths and sales during the year	(20,000)	-	(20,000)	(77,000)
<b>Carrying amount at 31st December</b>	<u><b>399,000</b></u>	<u><b>3,400</b></u>	<u><b>402,400</b></u>	<u><b>420,000</b></u>

Biological assets comprise of cattle, goats, sheep and rabbits.

The Ministry had a total of 10 cows (2021 - 12), 3 sheep (2021- 3), 4 goats (2021 - 4) and 6 rabbits (2021 - 2) during the year. Fair value of the biological assets was determined by using market values of comparable livestock in the market.

**13. INVESTMENT PROPERTY****COST**

	<u>2022</u> Kshs	<u>2021</u> Kshs
At start and end of year	324,000,000	324,000,000
Fair value gains/(losses)	201,000,000	-
At start and end of year	<u><b>525,000,000</b></u>	<u><b>324,000,000</b></u>

The investment property relates to CITAM Business Park located in Hurlingham, Nairobi L.R. No. 209/386/7 and L.R. No. 209/386/8.

Investment property was valued by Capital Valuers Limited an independent valuers, on the basis of open market value (Level 2) on 10th February 2020. Based on the Deacon Board assessment, fair value as at 31st December 2022, approximates the carrying value in the financial statements.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31<sup>st</sup> December 2022.... / (Contd)

	<u>Balance at 01.01.2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance at 31.12.2022</u>
	Kshs	Kshs	Kshs	Kshs
<b>14. WORK-IN-PROGRESS</b>				
CITAM Nakuru	1,064,277	12,738,794	(1,064,277)	12,738,794
CITAM Woodley	6,649,746	15,043,035	(6,649,746)	15,043,035
CITAM Kiserian	-	301,000	-	301,000
CITAM Kisumu	971,194	15,659,773	(971,194)	15,659,773
CITAM Buruburu	5,910,529	2,939,200	-	8,849,729
CITAM Karen	1,343,280	780,140	(1,343,280)	780,140
CITAM Athi River	-	21,815,780	-	21,815,780
CITAM Thika town	6,996,392	-	(6,996,392)	-
CITAM Eldoret	-	2,995,625	-	2,995,625
CITAM Clay City	-	161,704	-	161,704
CITAM Kitengela	-	25,587,771	-	25,587,771
CITAM Romania	4,721,366	-	-	4,721,366
CITAM Head Office	18,847,940	22,370,639	(977,880)	40,240,699
	<b>46,504,724</b>	<b>120,393,461</b>	<b>(18,002,769)</b>	<b>148,895,416</b>

The work-in-progress relates to the various capital expenditure projects under construction.

**15. PREPAID OPERATING LEASE RENTALS****COST OR VALUATION**

At 1 January

Additions

**AMORTIZATION**

At 1 January

Charge for the year

**NET BOOK VALUE****At 31 DECEMBER**

<u>2022</u>	<u>2021</u>
Kshs	Kshs
5,985,076,381	5,983,144,488
678,067	1,931,893
5,985,754,448	5,985,076,381
612,363,999	480,808,664
134,621,560	131,555,335
746,985,559	612,363,999
<b>5,238,768,889</b>	<b>5,372,712,382</b>

(i) Leasehold land was revalued in FY2017 on an open market value basis by Capital Valuers Ltd, a registered firm of professional valuers.

Leasehold land is disclosed as prepaid operating lease rentals and carried at cost less amortization over the lease period.

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> December 2022.... / (Contd)**

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>Kshs</b>	<b>Kshs</b>
<b>16. INTANGIBLE ASSETS</b>		
<b>COST</b>		
At 1 January	78,372,227	77,103,547
Additions	5,012,537	1,268,680
Transfer from WIP	977,880	-
	<b>84,362,644</b>	<b>78,372,227</b>
<b>AMORTIZATION</b>		
At 1 January	68,961,769	68,172,941
Charge for the year	10,564,033	788,828
	<b>79,525,802</b>	<b>68,961,769</b>
<b>NET BOOK VALUE</b>		
<b>At 31 DECEMBER</b>	<b>4,836,842</b>	<b>9,410,458</b>

The intangible assets relate to computer software and wide area network.

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>Kshs</b>	<b>Kshs</b>
<b>17. LONG-TERM INVESTMENTS</b>		
Treasury bonds *	5,959,855	5,959,855
Investment in shares - Ark Properties & Investments Limited	100,000	100,000
	<b>6,059,855</b>	<b>6,059,855</b>

\* Relates to a 10 year infrastructure bond invested with the Central Bank of Kenya, for the Alexander Tee Fund. The annual interest rate is 10.9%.

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>Kshs</b>	<b>Kshs</b>
<b>18. DUE FROM RELATED PARTY</b>		
Ark Properties and Investments Limited (18(a))	509,661,995	486,660,572
	<b>509,661,995</b>	<b>486,660,572</b>
<b>a) Ark Properties and Investments Limited</b>		
At 1 January	486,660,572	473,501,720
Increase during the year	23,001,423	13,158,852
	<b>509,661,995</b>	<b>486,660,572</b>

The initial amount of advances was in relation to a loan CITAM borrowed on behalf of Ark properties and Investments Limited. The increase in the balance over the years is the recharge of interest on the loan and working capital support by CITAM.

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2022.... / (Contd)

## 19. INVENTORIES

	2022 Kshs	2021 Kshs
Safari books	9,386,992	15,629,213
Outfitters	24,776,522	19,834,103
Consumables	6,088,911	3,948,556
Less: Provision for slow moving inventories	(4,693,497)	(7,819,826)
	<b>35,558,928</b>	<b>31,592,046</b>

## 20. TRADE AND OTHER RECEIVABLES

School fees debtors	36,726,992	48,703,192
CITAM Hope Media debtors	31,966,156	26,727,329
Prepayments and deposits	74,442,459	69,585,615
Staff debtors	8,546,371	15,403,744
VAT receivable	-	1,073,661
Other receivables	10,749,847	7,914,358
	<b>162,431,825</b>	<b>169,407,899</b>
Provision for impairment	(78,921,714)	(77,752,850)
	<b>83,510,111</b>	<b>91,655,049</b>

## 21. CASH AND CASH EQUIVALENTS

## a) Short term fixed deposits

	2022 Kshs	2021 Kshs
Co-operative Bank of Kenya Ltd. (i)	606,038,549	565,441,241
KCB Bank Ltd (ii)	27,854,550	11,000,000
Standard Chartered Bank Ltd	4,000,000	-
Accrued interest	14,562,208	-
	<b>652,455,307</b>	<b>576,441,241</b>

- i) The fixed deposit with Co-operative Bank Ltd was short term ranging from a period of 1 month to 3 months at an average annual rate of interest of 8.257%.
- ii) The average annual rate of interest with KCB Bank Ltd was 7%.
- iii) Standard Chartered- Average annual rate of interest is 5.8%

## b) Cash and bank balances

	2022 Kshs	2021 Kshs
Cash at bank	140,980,516	68,710,258
Safaricom paybill account	57,962,524	56,263,746
Cash in hand	2,224,061	2,747,776
	<b>201,167,101</b>	<b>127,721,780</b>
	<b>853,622,408</b>	<b>704,163,021</b>

## Total cash and cash equivalents

	Balance at 01.01.2022 Kshs	Transfer in Kshs	Receipts Kshs	Payments Kshs	Balance at 31.12.2022 Kshs
22. DESIGNATED FUNDS					
Alexander Tee fund	6,355,813	-	614,558	(181,900)	6,788,471
Text book fund	28,557,226	-	15,162,820	(18,367,377)	25,352,669
Mission support fund (i)	89,434,977	190,251,859	11,005,933	(246,052,726)	44,640,043
Other development funds	64,493,617	-	53,996,531	(5,969,465)	112,520,683
LADF	4,179,910	34,218,493	-	(31,154,390)	7,244,013
Staff welfare fund	408,995	-	3,098,100	(1,855,000)	1,652,095
Caution fees	12,211,642	-	1,496,000	(22,600)	13,685,042
PAOC mission support (ii)	315,360,000	-	-	(26,305,200)	289,054,800
	<b>521,002,180</b>	<b>224,470,352</b>	<b>85,373,942</b>	<b>(329,908,658)</b>	<b>500,937,816</b>

- i) 10% tithe allocation
- ii) CITAM entered into a support agreement with PAOC to partner in Missions and Outreach in Africa in exchange for a property LR No. 209/386/7/8 in Hurlingham. CITAM committed to support PAOC in its ministry in Africa to a tune of Kshs 324 million over a period of 150 months from September 2021.

## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31<sup>st</sup> December 2022.... / (Contd)**23. BORROWINGS**

The borrowings are analysed as follows:

	<b>2022</b> <b>Kshs</b>	<b>2021</b> <b>Kshs</b>
Non-current	60,603,120	115,943,348
Current	55,307,834	78,078,003
	<b>115,910,954</b>	<b>194,021,351</b>

Breakdown of borrowings:

Co-operative Bank of Kenya Ltd (i)	87,281,429	134,828,393
Co-operative Bank Ltd - Ark Properties and Investments Ltd	28,629,525	59,192,958
	<b>115,910,954</b>	<b>194,021,351</b>

**Reconciliation of liabilities arising from financing activities:**

At start of year	194,021,351	290,168,641
Interest charged to the statement of income and expenditure	14,922,313	20,944,729
Cash flows:		
Operating activities (interest paid)	(14,922,313)	(20,944,729)
Repayments of long-term borrowings	(78,110,397)	(96,147,290)
At end of year	<b>115,910,954</b>	<b>194,021,351</b>

The facilities at Co-operative Bank of Kenya Limited are repayable at an interest rate of 12.5% p.a. Securities for the loan include existing legal charge over Kisumu municipality block L.R. No. 10/170, Karen land block L.R. No. 12409/05 and Parklands land block L.R. No. 209/10810/5.

At the year-end, the Ministry had Kshs 593,089,046 (2021: Kshs 347,123,649) of undrawn facilities which it may utilise to fund its obligations.

**24. TRADE AND OTHER PAYABLES**

	<b>2022</b> <b>Kshs</b>	<b>2021</b> <b>Kshs</b>
Trade payables	196,663,080	108,536,617
Prepaid school fees	26,957,864	21,558,379
Accounts payable and accruals	35,426,767	54,591,195
Withholding tax and catering levy	5,535,660	3,182,380
	<b>264,583,371</b>	<b>187,868,571</b>

**25. LEASE LIABILITIES**

Non-current liability	10,717,228	31,025,226
Current liability	23,631,098	26,248,695
	<b>34,348,326</b>	<b>57,273,921</b>
<b>The total cash outflow for leases in the year was:</b>		
Lease liability	60,836,421	81,302,720
Payment of the principal portion of lease liability	(26,488,095)	(24,028,799)
	<b>34,348,326</b>	<b>57,273,921</b>

This relates to the right-of use assets.

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> December 2022.... / (Contd)**

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>Kshs</b>	<b>Kshs</b>
<b>26. CAPITAL COMMITMENTS</b>		
Authorised and contracted	<b>125,181,874</b>	<b>324,479,249</b>

The above are capital commitments authorised and contracted as at the balance sheet date but not recognized in the financial statements.

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>Kshs</b>	<b>Kshs</b>
<b>27. SURPLUS FOR THE YEAR</b>		
The surplus for the year is arrived at after charging:-		
Finance costs	14,922,313	20,944,729
Provision expense	1,957,465	27,409,581
Depreciation of right of use asset	23,620,987	24,613,503
Auditors' remuneration	<b>3,016,000</b>	<b>2,412,568</b>

**28. INTER-UNIT SALES**

During the year, the ministry changed the accounting policy for inter-unit sales. Inter-unit sales of Kshs 421,347,632 (2021: Kshs 337,633,767) have been eliminated from the income reported by the projects and outreach. The costs relating to these have also been eliminated.

**29. CONTINGENT LIABILITIES**

The Ministry has pending litigations in court. However, the Ministry does not foresee a major liability arising from the suits.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31<sup>st</sup> December 2022.... / (Contd)

#### 30. EVENTS AFTER REPORTING PERIOD

The Deacon Board is not aware of any matters arising after 31st December 2022 that would significantly affect operations of the Ministry.

#### 31. CURRENCY

The financial statements are presented in Kenya shillings (Kshs).

#### 32. NEW AND REVISED FINANCIAL REPORTING STANDARDS

The Ministry has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2022.

- IFRS 17 *Insurance Contracts* (issued in May 2017 and amended in June 2020). The new standard, effective for annual periods beginning on or after 1st January 2023.
- Amendments to IAS 1 titled *Classification of Liabilities as Current or Non-current* (issued in January 2020, amended in October 2022). The amendments, applicable to annual periods beginning on or after 1st January 2024.
- Amendments to IAS 8 titled *Definition of Accounting Estimates* (issued in February 2021). The amendments, applicable to annual periods beginning on or after 1st January 2023.
- Amendments to IAS 1 titled *Disclosure of Accounting Policies* (issued in February 2021). The amendments, applicable to annual periods beginning on or after 1st January 2023.
- Amendments to IAS 12 titled *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction* (issued in May 2021). The amendments, applicable to annual periods beginning on or after 1st January 2023.
- Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014). The amendments, applicable from a date yet to be determined.
- Amendments to IFRS 9 and IFRS 17 titled *Initial application of IFRS 17 and IFRS 9 – Comparative Information* (issued in December 2021). The amendments, applicable on initial application of IFRS 17.
- Amendment to IFRS 16 titled *Lease Liability in a Sale and Leaseback* (issued in September 2022). The amendment, applicable to annual periods beginning on or after 1st January 2024.
- Amendments to IAS 1 titled *Non-current Liabilities with Covenants* (issued in October 2022). The amendments, applicable to annual periods beginning on or after 1st January 2024.





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