

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2011

NDICU AND COMPANY

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

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UJAMAA NA WATOTO WENYE HAKI INITIATIVE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

ORGANIZATION INFORMATION

Principal place of Business

Landmark 007 plaza
P.O. Box 51455-00100
Nairobi

Principal bankers

Equity Bank
Nairobi

Board of Members

Jacob Sinclair	Managing Director
Lee Sinclair	Director
Meghann Kabala	CPA
Edward Smart	Member
Naomi wanjiru	Member

Auditor

Ndicu and Company
Certified Public Accountants
Phoenix house, 6th floor
P.O. Box 74511-00200
Nairobi
Kenya.
Email:ndicuandco@gmail.com

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
REPORT OF THE DIRECTORS
FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

The directors submit their report together with the audited financial statements for the period ended 31st December 2011 which disclose the state of affairs of the organisation.

Incorporation

The organisation is incorporated in Kenya under the Societies Act, and is domiciled in Kenya. The address of the registered office is as set out on page 1.

Principal activities

The principal activity of the organisation is to economically empower orphans and their caretakers in urban areas and to provide simple yet effective practical self defense skills to protect women against rape and other forms of sexual violence.

Operating results

The results for the year are summarised below:

Surplus before tax	3,321,247
Tax expense	-
Surplus after tax	<u>3,321,247</u>

Directorate

The members who held office during the year and to the date of this report are set out on page 1.

Auditor

During the year, Ndicu & Co. were appointed as the organisation's auditor and have expressed their willingness to continue in office in accordance with Societies Act.

By order of the board

Director



15/3


2012

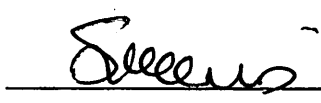
UJAMAA NA WATOTO WENYE HAKI INITIATIVE
STATEMENT OF DIRECTORS RESPONSIBILITIES
FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

The directors are responsible for the preparation of the financial statements for each financial year that give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the organisation maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the organisation. The directors are also responsible for safeguarding the assets of the organisation.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Societies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation as at 31st December 2011 and of its operating results for the period then ended. The directors further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the board of directors on 15/3/12 and signed on its behalf by 

Director 

Programmes Manager 

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF UJAMAA NA WATOTO WENYE HAKI INITIATIVE**

Report on the Financial Statements

We have audited the accompanying financial statements of Ujamaa na watoto wenye haki initiative, set out on pages 5 to 15 which comprise the statement of financial position as at 31st December 2011, and the statement of comprehensive income, statement of changes in fund balances and cash flow statement for the 10 months then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Societies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion of these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to the organisation's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31st December 2011 and of its surplus and cash flows for the period then ended in accordance with International Financial Reporting Standards and the Societies Act.

Report on Other Legal Requirements

As required by the Kenyan Societies Act we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the organisation, so far as appears from our examination of those books; and
- iii) the organisation's statement of financial position and statement of comprehensive income are in agreement with the books of account.



**Ndicu and Company
Certified Public Accountants
Nairobi**

NDICU & COMPANY
Certified Public Accountants (K)
P.O. Box 74511-00200,
Nairobi

Date: 1st March 2012

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
 FINANCIAL STATEMENTS
 FOR THE 10 MONTHS ENDED 31 DECEMBER 2011
STATEMENT OF COMPREHENSIVE INCOME

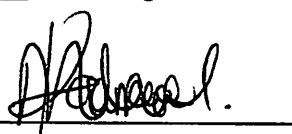
	Note	2011 Kshs
INCOME		
Funds	3	11,489,045
		<u>11,489,045</u>
EXPENSES		
Program expenses	4	6,515,010
Administrative expenses	5	894,788
Establishment expenses	6	758,000
		<u>8,167,798</u>
Total expenses		<u>8,167,798</u>
Operating Surplus		3,321,247
Finance costs		-
Surplus before tax		<u>3,321,247</u>
Tax	7	-
Net Surplus for the year		<u><u>3,321,247</u></u>

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
 FINANCIAL STATEMENTS
 FOR THE 10 MONTHS ENDED 31 DECEMBER 2011
 STATEMENT OF FINANCIAL POSITION

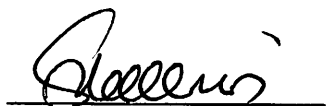
	Note	2011 Shs
ASSETS		
NON CURRENT ASSETS		
Property, plant and Equipments	8	1,476,989
Software	9	51,117
		<u>1,528,106</u>
CURRENT ASSETS		
Accounts receivable	10	1,501,851
Cash and cash equivalent	11	1,663,866
		<u>3,165,717</u>
TOTAL ASSETS		<u><u>4,693,823</u></u>
RESERVES, FUNDS AND LIABILITIES		
RESERVES AND FUNDS		
General funds	13	2,626,476
Capital funds	13	1,451,431
		<u>4,077,907</u>
CURRENT LIABILITIES		
Accounts payables and accruals	14	615,916
		<u>615,916</u>
TOTAL 'FUNDS AND LIABILITIES		<u><u>4,693,823</u></u>

The financial statements on pages 5 to 15 were approved for issue by the board of directors on 15/3/12 and were signed on its behalf by:

Programmes Manager



Director



UJAMAA NA WATOTO WENYE HAKI INITIATIVE
 FINANCIAL STATEMENTS
 FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

STATEMENT OF CHANGES IN FUNDS

	Note	General Fund Khs	Capital Fund Khs	Total Khs
At 1 March 2011				
Contribution		1,118,028	-	1,118,028
Transfer to Capital fund		(1,812,799)	-	(1,812,799)
Transfer from general fund		-	1,812,799	1,812,799
Depreciation charge		-	(335,810)	(335,810)
Software amortization		-	(25,558)	(25,558)
Surplus for the year		<u>3,321,247</u>	<u>-</u>	<u>3,321,247</u>
At 31 December 2011		<u><u>2,626,476</u></u>	<u><u>1,451,431</u></u>	<u><u>4,077,907</u></u>

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
 FINANCIAL STATEMENTS
 FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

CASH FLOW STATEMENT

	Note	2011 Kshs
Cash flows from operating activities		
Surplus before income tax	7	3,321,247
Adjustments for :		
Depreciation		-
Operating profit before working capital changes		<u>3,321,247</u>
Decrease / (increase) in:		
Accounts receivables		(1,501,851)
Increase / (decrease) in:		
Accounts payables		<u>615,916</u>
Cash generated from operations		(885,935)
Tax		-
Net cash generated from operating activities		<u>(885,935)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment		(1,812,799)
Software		(76,675)
Net cash (used in) investing activities		<u>(1,889,474)</u>
Cash flows from financing activities		
Funds introduced		1,118,028
Net cash generated from financing activities		<u>1,118,028</u>
Net increase in cash and cash equivalents		1,663,866
Cash and cash equivalents at 1st March		<u>-</u>
Cash and cash equivalents at 31st December	11	<u><u>1,663,866</u></u>

NOTES

1. Accounting policies

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

a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards under the historical cost convention, and are presented in the functional currency, Kenya Shillings (Shs).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates .

b) Revenue recognition

Program grants is recognised when received. Other income include fees charges to members for loan processing.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost of the item can be measured reliably. Repairs and maintenance is charged to the profit and loss account in the year to which it relates.

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

	<u>Rate - %</u>
Computer and accessories	30.0
Furniture and fittings	12.5
Equipments	12.5

NOTES

c) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognised on a net basis in the profit and loss account in the year in which they arise.

e) Inventories

The organisation does not maintain inventory.

f) Provision for liabilities and charges

Provisions are recognised when the organisation has a present legal or constructive obligation as a result of past events and 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.

g) Retirement benefit obligations

The organisation and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the organisation's contributions are charged to the profit and loss account in the year to which they relate.

h) Employee entitlements

Employee entitlements to long service awards are recognised as a liability based on the service rendered by the employees up to the balance sheet date. The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

i) Taxation

The organisation did not make any taxable profit during the year.

Current tax

Current tax is provided on the basis of results for the year adjusted in accordance with the fiscal laws of Kenya.

NOTES

j) Financial instruments

The organisation classifies its investments into the following categories:

- i) **Held-to-maturity investments** which are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has a positive intention to hold to maturity.
- ii) **Loans and receivables** which are non-derivative financial assets created by the organisation by providing money or products directly to the debtor other than those with the intent to be sold immediately or in the short run.
- iii) **Available-for-sale financial assets** which are assets held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates.

All financial assets are classified as non-current except those with maturities of less than 12 months from the balance sheet date, those which the directors have 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 assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale and recorded at the fair value of the consideration given plus the transaction costs. Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method.

Financial liabilities

All financial liabilities including borrowings are recognised initially at fair value plus the transaction costs and subsequently carried at amortised cost using the effective interest method.

k) Receivables

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

NOTES

k) Receivables (continued)

A provision for impairment is recognised in the statement of comprehensive income in the year when recovery of the amount due as per the original terms is considered doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

l) Trade and other payables

Trade and other payables are stated at their nominal value.

m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, term and call deposits with banking institutions and other short-term highly liquid investments in money market instruments with maturities of three months or less from the date of acquisition net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

n) Comparatives

There are no comparative figures since this is the first year of operations.

2. Financial risk management objectives and policies

The organisation's activities expose it to a variety of financial risks including effects of changes in foreign currency exchange rates. The organisation's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The organisation does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

2. Critical accounting estimates and judgements

The organisation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

i) Property, plant and equipment

Critical estimates are required in determining the depreciation rates for property, plant and equipment. The management determines these rates of depreciation based on their assessment of the useful lives of the various items of property, plant and equipment.

ii) Impairment losses on receivables

The organisation regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the profit and loss account, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of any receivables.

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
 FINANCIAL STATEMENTS
 FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

NOTES

	2011 Kshs
3. REVENUE	
Program funding	11,361,920
Processing fees	127,125
	<u>11,489,045</u>
4. PROGRAM EXPENSES	
Travelling, stipends, wages and training	<u>6,515,010</u>
5. ADMINISTRATIVE EXPENSES	
Foreign Exchange Loss	25,847
Staff salaries	448,400
Legal/Contract charges	5,000
Office supplies	78,414
Printing and copying	27,089
Repairs and maintenance	157,645
Bank charges	11,651
Telephone - Airtime	10,200
Internet	46,298
Utilities	24,245
Audit fee	60,000
	<u>894,788</u>
6. ESTABLISHMENT EXPENSES	
Rent	<u>758,000</u>
7. TAX EXPENSE	
Current tax	<u>-</u>

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
 FINANCIAL STATEMENTS
 FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

NOTES

8. PROPERTY, PLANT AND EQUIPMENT

	Computers Kshs	Furniture, fittings & Kshs	Equipments Kshs	Total Kshs
Year ended 31 December 2011				
Opening carrying value	-	-	-	-
Additions	624,056	279,963	908,780	1,812,799
Closing carrying value	624,056	279,963	908,780	1,812,799
Accumulated depreciation	-	-	-	-
Charge for the year	187,217	34,995	113,598	335,810
	187,217	34,995	113,598	335,810
Net carrying value	436,839	244,968	795,183	1,476,989

2011
Shs

9. SOFTWARE

Cost	76,675
Amortised amount	(25,558)
	51,117

10. ACCOUNTS RECEIVABLE

Rent-Two floors(Landmark Plaza)	224,000
Rent- NMNW(Landmark Plaza)	69,000
Salary Advance	55,000
Loans to members	1,153,851
	1,501,851

11. CASH AND CASH EQUIVALENT

Equity Bank of Kenya-Micro finance loan account	541,771
Equity bank USD-Micro finance	44,885
Equity bank-NGO Account	1,007,299
Equity bank USD-NGO Account	2,356
Cash in Hand	67,555
	1,663,866

12. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash and current account balances	
Cash at bank	1,596,311
Cash in hand	67,555
	1,663,866

UJAMAA NA WATOTO WENYE HAKI INITIATIVE
 FINANCIAL STATEMENTS
 FOR THE 10 MONTHS ENDED 31 DECEMBER 2011

NOTES

13. FUNDS ACCOUNT

	General fund Kshs	Capital fund Kshs
At 1st March 2011	-	-
During the year	<u>2,626,476</u>	<u>1,451,431</u>
At 31st December 2011	<u><u>2,626,476</u></u>	<u><u>1,451,431</u></u>

The fund account is detailed on to page 7

2011
Kshs

14. ACCOUNTS PAYABLE

Audit fees Accrued	110,000
Members savings	399,359
Payroll liabilities	<u>106,557</u>
	<u><u>615,916</u></u>