

UJAMAA PAMODZI

Financial Statements For the year ended 31 December 2020

Audit Services



AUDIT ■ TAX ■ ADVISORY

CORRESPONDENT OF MAZARS



UJAMAA PAMODZI AFRICA

FINANCIAL STATEMENTS For the year ended 31 December 2020

INDEX

	<u>Page</u>
Trustees' report	1
Statement of Trustees' responsibilities for the financial statements	2
Independent auditor's report	3
Statement of financial position	5
Income and expenditure statement	6
Statement of changes in fund balances	7
Statement of cash flows	8
Accounting policies	9
Notes to the financial statements	11

UJAMAA PAMODZI AFRICA

TRUSTEES' REPORT

For the year ended 31 December 2020

The trustees have pleasure in submitting their report together with the audited annual financial statements of Ujamaa Pamodzi Africa for the year ended 31 December 2020.

Nature of operation

Ujamaa Pamodzi Africa is a non-profit, public interest organisation incorporated in 2014 under the NGO Co-ordination Act. Ujamaa-Pamodzi Africa is dedicated to improve health, personal security and economic empowerment for vulnerable women and children in sub-Saharan Africa.

Financial performance

The results and state of affairs of the Organisation are set out in the accompanying income and expenditure statement, statement of changes in funds, statement of financial position and statement of cash flows.

Directors

Directors who served during the year are listed below:

<u>Name</u>	<u>Position</u>
Mr. Jacob Sinclair	Board Chair
Mr. Martin Ndirangu	Executive Director and Secretary of the board
Mr. McCain Kalanda	Member
Mr. Benjamin Mboya	Member
Mrs. Susan Thole	Member
Mrs. Ruth Kawale	Member

Registered office

The registered office of the Organisation is situated in area 47 sector 3 Ng'ombe Kwawa Drive, Lilongwe.

Auditors

AMG Global has expressed willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting to re-appoint them as auditors in respect of the Organization's 31 December 2021 annual financial statements.

UJAMAA PAMODZI AFRICA

STATEMENT OF TRUSTEES` RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

For the period ended 31 December 2020

In preparing the financial statements, the trustees accept responsibility on behalf of the project for the following:

In preparing the financial statements, the trustees accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the organisation will continue existence for the foreseeable future.

The trustees also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation and of their operating results.

The financial statements were approved by the board of trustees on 21-June 2021 and were signed on its behalf by:



Trustee



Director

Office address:
Honeydew Villas
Area 14
Lilongwe
Malawi

Mail address:
P O Box 30440
Lilongwe
Malawi

Telephone: +265 1 770 472
+265 1 770 477
Cell: +265 888 296 591
E-mail: info@amgglobal.co.mw



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the members of Ujamaa Pamodzi Africa

Opinion

We have audited the financial statements of Ujamaa Pamodzi Africa, which comprise the statement of financial position as at 31 December 2020, and the statement of income and expenditure, statement of changes in equity and the statement of cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ujamaa Pamodzi Africa as at 31 December 2020, and its financial performance for the period then ended in accordance with International Financial Reporting Standards and donor requirements.

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 Organization in accordance with the International Federation of Accountants (IFAC) code of Ethics together with the ethical requirements that are relevant to our audit of the Organization's financial statements in Malawi. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines 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, management is responsible for assessing the organisations ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the organisations financial reporting process.

Auditor's 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 auditor's 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 ISAs 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 ISAs, we exercise professional judgment 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

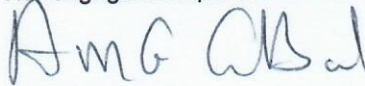
opinion on the effectiveness of the Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organisation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Joseph Nangantani.



AMG Global
Chartered Accountants
Lilongwe (Malawi)

21 / 06 / 2021

UJAMAA PAMODZI AFRICA

STATEMENT OF FINANCIAL POSITION For the year ended 31 December 2020

In Malawi Kwacha

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets			
Non-current assets			
Property and equipment	2	36,431,144	19,757,584
Total non-current assets		36,431,144	19,757,584
Current assets			
Other receivables		-	280,000
Cash and cash equivalents	3	59,114,121	39,460,812
Total current assets		59,114,121	39,740,812
Total Assets		95,545,265	59,498,396
Trust Funds and liabilities			
Capital funds		36,431,144	19,757,584
General funds		44,924,697	30,809,705
Total funds		81,355,841	50,567,289
Current liabilities			
Other payables	4	14,189,424	8,931,107
		14,189,424	8,931,107
Total funds & liabilities		95,545,265	59,498,396

These financial statements were authorized for issue by the Board of Trustees on 2021 and were signed on its behalf by:


.....
Trustee


.....
Director

The accounting policies on pages 9 to 10 and the notes on pages 11 to 14 form an integral part of the financial statements.

UJAMAA PAMODZI AFRICA

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 December 2020

In Malawi Kwacha

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Income			
Donor funding	5	422,545,323	227,598,067
Other income	6	3,289,411	43,234,422
Total income		425,834,734	270,832,489
Expenditure			
Administration expenses	7	22,916,762	20,319,030
Personnel costs	8	143,949,401	100,765,343
Program/grant expenses	9	244,211,685	114,573,539
Capital expenditure	10	641,895	9,827,468
Total expenditure		411,719,742	245,485,380
Surplus for the year		14,114,992	25,347,109

The accounting policies on pages 9 to 10 and the notes on pages 11 to 14 form an integral part of the financial statements.

UJAMAA PAMODZI AFRICA

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended 31 December 2020

In Malawi Kwacha

	Capital funds	General funds	Total
Balance at 1 January 2019	17,109,508	5,462,596	22,572,104
Fixed asset purchases	9,827,467	-	9,827,467
Release of capital fund	(7,179,391)	-	(7,179,391)
Surplus for the year	-	25,347,109	25,347,109
Balance at 31 December 2019	19,757,584	30,809,705	50,567,289
Balance at 1 January 2020	19,757,584	30,809,705	50,567,289
Fixed asset purchases	28,131,655	-	28,131,655
Release of capital fund	(11,458,095)	-	(11,458,095)
Surplus for the year	-	14,114,992	14,114,992
Balance at 31 December 2020	36,431,144	44,924,697	81,355,841

The accounting policies on pages 9 to 10 and the notes on pages 11 to 14 form an integral part of the financial statements.

UJAMAA PAMODZI AFRICA

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

In Malawi Kwacha

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities			
Surplus for the year		14,114,992	25,347,109
Adjustments for:			
Depreciation		11,458,095	7,179,391
		<u>25,573,087</u>	<u>32,526,500</u>
Movement in working capital			
Decrease in receivables		280,000	574,035
Increase / (decrease) in payables		5,258,317	(4,562,000)
Net cash generated by operating activities		<u>5,538,317</u>	<u>(3,987,965)</u>
Cash flows from investing activities			
Purchase of plant and equipment		(28,131,655)	(9,827,467)
Net cash used in investing activities		<u>(28,131,655)</u>	<u>(9,827,467)</u>
Cash flows from financing activities			
Capital funds		28,131,655	9,827,467
Release of capital fund		(11,458,095)	(7,179,391)
Net cash used in financing activities		<u>16,673,560</u>	<u>2,648,076</u>
Net increase in cash and cash equivalents		19,653,309	21,359,144
Cash and cash equivalents at the beginning of the year		39,460,812	18,101,668
Cash and cash equivalents at the end of the year	3	<u>59,114,121</u>	<u>39,460,812</u>

UJAMAA PAMODZI AFRICA

ACCOUNTING POLICIES

For the year ended 31 December 2020

1. Principal of activity

The principal activity of Ujamaa-Pamodzi Africa is to improve health, personal security and economic empowerment for vulnerable women and children in sub-Saharan Africa.

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

1.2 Revenue

Grant revenue is recognized in the income statement when it is probable that the conditions attaching to it will be complied with.

Sundry revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of operation.

Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimates cash receipts through the expected life of the financial assets to that assets net carrying amount.

1.3 Expenses

Expenses are recognized in the financial statements when an obligation has been incurred.

1.4 Taxation

Ujamma Pamodzi Africa is a non-profit making organization and is exempt from income tax under sub-paragraph (b) (iii) of the first schedule of the Income Tax Act

1.5 Property and equipment

Property, plant and equipment are tangible assets which the organization holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the organization, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Fixtures and fittings	Reducing balancing method	10 years
Equipment	Reducing balancing method	2.5 years
Computers	Reducing balancing method	2.5 years

UJAMAA PAMODZI AFRICA

ACCOUNTING POLICIES

For the year ended 31 December 2020

1.6 Foreign currencies

Transactions in foreign currencies are translated into Malawi Kwacha at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities dominated in other currencies are translated into Malawi Kwacha at the rate of exchange ruling at the statement in financial position date and the resulting gains or losses are taken into account in arriving at the surplus.

1.7 Receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

1.8 Capital fund

Non-current assets purchased and donations are credited to this account and depreciation is transferred to the general fund at year end.

1.9 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.10 Payables

Trade and other payables are stated at cost. The directors consider that the carrying amount of payables approximates to their fair values.

UJAMAA PAMODZI AFRICA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

In Malawi Kwacha

2. Equipment

	Furniture and fittings	Computers	Equipment	Motor Vehicles	Total
Cost					
At 1 January 2019	1,538,650	4,472,408	3,048,750	12,450,000	21,509,808
Additions	-	6,402,767	3,424,700	-	9,827,467
At 31 December 2019	1,538,650	10,875,175	6,473,450	12,450,000	31,337,275
At 1 January 2020	1,538,650	10,875,175	6,473,450	12,450,000	31,337,275
Additions	-	401,926	929,730	26,800,000	28,131,655
At 31 December 2020	1,538,650	11,277,101	7,403,180	39,250,000	59,468,930
Depreciation					
At 1 January 2019	483,519	2,559,016	1,357,765	-	4,400,300
Charge for the year	422,052	2,460,568	1,700,674	2,490,000	7,179,391
At 31 December 2019	905,572	5,125,681	3,058,439	2,490,000	11,579,691
At 1 January 2020	905,572	5,125,681	3,058,439	2,490,000	11,579,691
Charge for the year	253,231	2,460,568	1,392,296	7,352,000	11,458,095
At 31 December 2020	1,158,803	7,586,249	4,450,735	9,842,000	23,037,787
Carrying value					
As at 31 December 2020	379,847	3,690,852	2,952,445	29,408,000	36,431,144
As at 31 December 2019	633,078	5,749,495	3,415,011	9,960,000	19,757,584

	2020	2019
3. Cash and Cash equivalents		
Trocaire account	(30,494)	6,687,221
Local account	3,124,154	4,911,811
UNICEF	8,497,118	27,718,035
Irish	49,593	119,910
World Relief	47,453,069	-
US Dollar account	20,681	23,835
	59,114,121	39,460,812

UJAMAA PAMODZI AFRICA

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

In Malawi Kwacha

	<u>2020</u>	<u>2019</u>
4. Other payables		
Payroll liabilities	4,587,606	7,435,461
Accruals	9,601,818	1,495,646
	<u>14,189,424</u>	<u>8,931,107</u>
5. <u>Grant received</u>	<u>2020</u>	
<u>The following income was received from Trocaire</u>		
1 st tranche – 11/02/2020	18,220,966	
2 nd tranche – 07/05/2020	24,114,215	
3 rd tranche – 13/10/2020	20,904,499	
	<u>63,239,680</u>	
<u>The following income was received from UNICEF</u>		
1 st tranche – 23/03/2020	50,488,162	
2 nd tranche – 13/07/2020	114,655,796	
3 rd tranche – 27/10/2020	69,229,905	
	<u>234,373,863</u>	
<u>The following income was received from World Relief</u>		
1 st tranche – 11/12/2020	50,942,880	
	<u>50,942,880</u>	
<u>The following income was received from Stevens Winfred Foundation</u>		
1 st tranche – 03/01/2020	73,988,900	
	<u>73,988,900</u>	
Total program income in 2020	<u>422,545,323</u>	
<u>Grant received</u>	<u>2019</u>	
<u>The following income was received from Trocaire</u>		
1 st tranche – 04/05/2019	16,749,324	
2 nd tranche – 19/08/2019	22,227,619	
3 rd tranche – 31/10/2019	17,083,263	
	<u>56,060,206</u>	
<u>The following income was received from UNICEF</u>		
1 st tranche – 02/09/2019	81,562,283	
2 nd tranche – 09/12/2019	55,798,950	
	<u>137,361,233</u>	

UJAMAA PAMODZI AFRICA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

In Malawi Kwacha

The following income was received from Irish

1 st tranche – 25/09/2019	13,579,894
2 nd tranche – 20/11/2019	20,596,733
	34,176,628

Total program income in 2019 **227,598,067**

6. Other income	2020	2019
	MK	MK
Loan written off	-	2,020,942
Training programme - Commission Fair Trade & Competition	194,500	-
Ujamaa Africa Kenya – contribution for salaries and pension	3,092,000	40,302,229
Interest received	11	1,014
Other income	1,659	-
Exchange gain	1,241	910,237
	3,289,411	43,234,422
7. Administration expenses		
Rent	11,533,925	9,219,335
Printing and copying	-	73,284
Business registration fees	580,000	560,000
Accounting/Audit Fees	2,723,466	3,346,675
Equip rental and maintenance	739,300	1,735,090
Motor vehicle expenses	3,343,887	1,336,638
Electricity, Water	638,168	212,095
Security	1,236,800	1,275,400
Bank charges	2,121,216	2,560,513
	22,916,762	20,319,030
8. Personnel costs		
Payroll expenses	143,949,401	100,765,343
	143,949,401	100,765,343
9. Program/grant expenses		
Program expense refund	23,587,557	5,806,018
Research validation	19,119,100	23,940,428
Training	121,500	11,798,450
Stationery	10,912,417	4,966,755
Communication expenses	4,092,113	2,071,200
Other office expenses	3,978,617	3,679,442
Transport	45,080,755	13,249,169
Training Materials	15,059,930	9,127,193
Conference, conventions and meetings	1,106,541	31,725
Stipend	28,154,525	9,692,715
Air travel	-	1,751,929

UJAMAA PAMODZI AFRICA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

	2020	2019
	MK	MK
Accommodation and meals	9,686,200	5,953,788
Refreshments	46,862,880	15,825,027
Allowances for participants	28,509,050	6,627,700
Hall hire	7,940,500	-
Other costs	-	52,000
	<u>244,211,685</u>	<u>114,573,539</u>

10. Capital expenditure

Computers	401,925	6,402,768
Office equipment	239,970	3,424,700
	<u>641,895</u>	<u>9,827,468</u>

11. Capital commitments

There were no capital commitments at the end of the year.

12. Contingent liabilities

There were no contingencies as at the end of the year.

13. Comparative information

Certain comparative figures have been reclassified where necessary to facilitate comparison.

14. Going concern

The ability of the organization to continue as a going concern is dependent on a number of factors. The most significant of these is that the donors continue to provide funding for the ongoing operations for the organization.

15. Subsequent events

The board is aware of the covid-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the pandemic and at the time of finalising the report, the board is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the organisation. The financial estimate cannot be determined reliably as the extent of covid-19 is unknown.