

UJAMAA PAMODZI AFRICA
Financial Statements
For the year ended 31 December 2018

Audit Services



AUDIT ■ TAX ■ ADVISORY

CORRESPONDENT OF MAZARS



UJAMAA PAMODZI AFRICA

FINANCIAL STATEMENTS

For the year ended 31 December 2018

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UJAMAA PAMODZI AFRICA

TRUSTEES' REPORT

For the year ended 31 December 2018

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 2018.

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 2019 annual financial statements.

UJAMAA PAMODZI AFRICA

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

For the period ended 31 December 2018

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

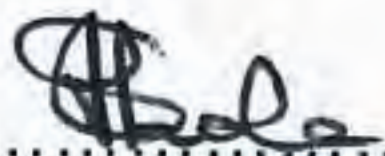
In preparing the financial statements, the trustees accept responsibility for the following:

- 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.

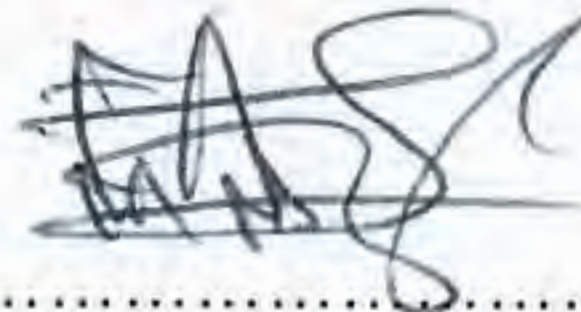
The trustees also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

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 15/12/2019: 2019 and were signed on its behalf by:



.....
Trustee



.....
Director

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 2018, and the income and expenditure statement, 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 2018, 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

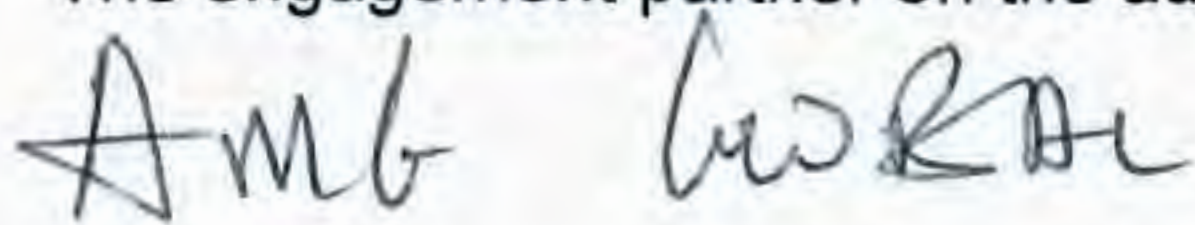
estimates and related disclosures made by management.

- 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)**

15 / 05 /
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UJAMAA PAMODZI AFRICA


STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2018

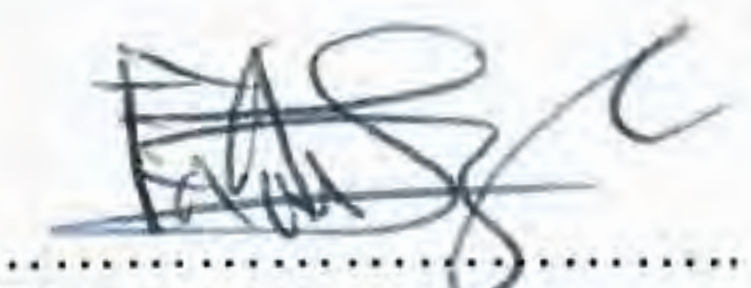
In Malawi Kwacha

	Note	2018	2017
Assets			
Non-current assets			
Property and equipment	2	17,109,508	2,718,387
Total non-current assets		17,109,508	2,718,387
Current assets			
Other receivables		854,035	1,286,250
Cash and cash equivalents	3	18,101,668	18,752,893
Total current assets		18,955,703	20,039,143
Total Assets		36,065,211	22,757,530
Trust Funds and liabilities			
Capital funds		17,109,508	3,206,175
General funds		5,462,596	(11,592,110)
Total funds		22,572,104	(8,385,934)
Non-current liabilities			
Loan from Ujamaa Africa - Kenya		-	6,694,034
Total Non-current liabilities		-	6,694,034
Current liabilities			
Other payables	4	13,493,107	24,449,431
		13,493,107	24,449,431
Total funds & liabilities		36,065,211	22,757,530

These financial statements were authorized for issue by the Board of Trustees on 15/12/2019 2019 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

INCOME AND EXPENDITURE STATEMENT

For the year ended 31 December 2018

In Malawi Kwacha

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Income			
Donor funding	5	201,749,694	132,693,581
Other income	6	14,122,710	38,262
Total income		215,872,404	132,731,843
Expenditure			
Administration expenses	7	20,599,163	20,400,987
Personnel costs	8	77,186,989	64,032,606
Program/grant expenses	9	86,617,009	52,541,016
Capital expenditure	10	14,902,325	-
Total expenditure		199,305,486	136,974,609
Surplus/(Deficit) for the year		16,566,918	(4,242,766)

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 2018

In Malawi Kwacha

	Capital funds	General funds	Total
Balance at 1 January 2017	3,206,175	(7,349,343)	(4,143,168)
Deficit for the year	-	(4,242,766)	(4,242,766)
Balance at 31 December 2017	3,206,175	(11,592,109)	(8,385,934)
Balance at 1 January 2018	3,206,175	(11,592,109)	(8,385,934)
Fixed asset purchases	14,902,325	-	14,902,325
Prior year adjustments	(487,787)	487,487	-
Release of capital fund	(511,205)	-	(511,205)
Surplus for the year	-	16,566,918	16,566,918
Balance at 31 December 2018	17,109,508	5,462,596	22,572,104

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

ACCOUNTING POLICIES

For the year ended 31 December 2018

In Malawi Kwacha

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities			
Surplus/(Deficit) for the year		16,566,918	(4,242,766)
Adjustments for:			
Depreciation		511,205	1,160,943
		<u>17,078,123</u>	<u>(3,081,823)</u>
Movement in working capital			
Decrease / (increase) in receivables		432,215	(1,275,700)
Decrease in payables		(10,956,324)	(11,188,800)
Net cash generated by operating activities		<u>(10,524,109)</u>	<u>(15,546,323)</u>
Cash flows from investing activities			
Purchase of plant and equipment		(14,902,325)	-
Net cash used in investing activities		<u>(14,902,325)</u>	-
Cash flows from financing activities			
Loan from Ujamaa Africa Kenya		(6,694,034)	-
Capital funds movements		14,902,325	-
Release of capital fund		(511,205)	-
Net cash used in financing activities		<u>7,697,086</u>	-
Net increase in cash and cash equivalents		(651,225)	(15,546,323)
Cash and cash equivalents at the beginning of the year		18,752,893	34,299,216
Cash and cash equivalents at the end of the year	3	<u>18,101,668</u>	<u>18,752,893</u>

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

ACCOUNTING POLICIES

For the year ended 31 December 2018

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 2018

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 2018

In Malawi Kwacha

2. Equipment

	Furniture and fittings	Computers	Equipment	Motor Vehicles	Total
Cost					
At 1 January 2017	1,538,650	2,660,833	2,408,000	-	6,607,483
Additions	-	-	-	-	-
At 31 December 2017	1,538,650	2,660,833	2,408,000	-	6,607,483
At 1 January 2018	1,538,650	2,660,833	2,408,000	-	6,607,483
Additions	-	1,811,575	640,750	12,450,000	14,902,325
At 31 December 2018	1,538,650	4,472,408	3,048,750	12,450,000	21,509,808
Depreciation					
At 1 January 2017	236,020	2,041,453	450,680	-	2,728,153
Charge for the year	130,263	247,752	782,928	-	1,160,943
At 31 December 2017	366,283	2,289,205	1,233,608	-	3,889,096
At 1 January 2018	366,283	2,289,205	1,233,608	-	3,889,096
Charge for the year	117,237	269,811	124,157	-	511,205
At 31 December 2018	483,519	2,559,016	1,357,765	-	4,400,300
Carrying value					
As at 31 December 2018	1,055,131	1,913,392	1,690,985	12,450,000	17,109,508
As at 31 December 2017	1,172,367	371,628	1,174,392	-	2,718,387

3. Cash and Cash equivalents

	<u>2018</u>	<u>2017</u>
Trocaire account	8,154,981	4,508,546
Local account	8,993,755	14,211,031
UNICEF	209,373	-
US Dollar account	743,560	46,473
	18,101,668	18,766,050
Action Aid account	-	(13,157)
	18,101,668	18,752,893

UJAMAA PAMODZI AFRICA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

4. Other payables	<u>2018</u>	<u>2017</u>
Payroll liabilities	11,497,843	21,414,547
Accruals	1,995,264	3,034,884
	13,493,107	24,449,431

5. <u>Grant received</u>	<u>2018</u>	<u>2018</u>
<u>The following income was received from Ujamaa</u>	<u>USD</u>	<u>MK</u>
1 st tranche - 30/01/2018	4,070	2,913,949
2 nd tranche - 27/02/2018	9,185	6,568,047
	13,255	9,481,996

The following income was received from Trocaire

1 st tranche - 06/04/2018	15,062,986
2 nd tranche - 31/05/2018	22,494,899
3 rd tranche - 08/11/2018	16,963,672
4 th tranche - 04/12/2018	31,260,641
	85,782,198

The following income was received from UNICEF

1 st tranche - 11/05/2018	45,355,500
2 nd tranche - 27/07/2018	30,767,500
3 rd tranche - 19/10/2018	30,362,500
	106,485,500

Total program income in 2018

201,749,694

<u>Grant received</u>	<u>2017</u>	<u>2017</u>
<u>The following income was received from Ujamaa</u>	<u>USD</u>	<u>MK</u>
1 st tranche – 07/02/2017	-	8,435,000
2 nd tranche – 12/04/2017	8,985	6,451,230
3 rd tranche - 09/05/2017	-	1,303,500
4 th tranche - 14/07/2017	7,785	5,584,648
5 th tranche - 28/09/2017	4,640	3,350,080
6 th tranche - 06/11/2017	2,360	1,703,920
7 th tranche - 06/12/2017	-	1,040,000
	23,770	27,868,378

UJAMAA PAMODZI AFRICA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

<u>Grant received</u>	<u>2017</u>	
<u>The following income was received from Trocaire</u>	<u>MK</u>	
12/01/2017		7,953,140
26/01/2017		16,119,134
14/03/2017		11,589,125
18/05/2017		7,249,110
09/06/2017		7,964,125
12/06/2017		10,000,000
02/08/2017		22,017,039
02/11/2017		19,792,212
27/12/2017		2,141,318
		104,825,203
		132,693,581
Total program income in 2017		132,693,581
6. Other income	2018	2017
	MK	MK
Loan written off	6,694,034	-
Future Kids foundation	4,731,100	-
Interest received	25,448	38,262
Other income	2,547,238	-
Exchange gain	124,890	-
	14,122,710	38,262
7. Administration expenses		
Rent	7,936,408	5,438,897
Depreciation	-	1,160,943
Printing and copying	113,500	-
Insurance	947,563	-
Stationery	3,851,552	1,896,901
Tax WHT	-	661,107
Business registration fees	540,000	540,000
Accounting/Audit Fees	-	4,286,728
Equip Rental and Maintenance	577,665	450,250
Electricity, Water	457,692	469,106
Telephone, Telecommunications	2,232,000	2,095,700
Security	1,123,400	869,400
Other office expenses	1,209,862	492,395
Bank charges	1,609,521	1,979,699
Exchange loss	-	59,861
	20,599,163	20,400,987

UJAMAA PAMODZI AFRICA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

8. Personnel costs	2018	2017
	MK	MK
Payroll expenses	77,186,989	64,032,606
	77,186,989	64,032,606
9. Program/grant expenses		
Program expense refund	5,888,187	16,453,016
Research validation	-	9,967,041
Training	4,957,836	-
Transport	19,604,328	10,283,681
Books, Subscriptions, Reference	-	95,040
Training Materials	5,390,880	982,040
Conference, conventions and meetings	467,275	-
Stipend	7,788,000	-
Other costs	-	51,700
Air travel	1,376,984	561,915
Accommodation and meals	8,810,105	5,779,390
Refreshments	32,333,414	8,247,193
Facilitation fees	-	120,000
	86,617,009	52,541,016
10. Capital expenditure		
Computers	1,811,575	-
Office equipment	640,750	-
Motor vehicles	12,450,000	-
	14,902,325	-

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

There have been no material events occurring after the statement in financial position date that require adjustments to or disclosures in the financial statements.