

# UJAMAA PAMODZI AFRICA

**Financial Statements  
For the year ended 31 December 2019**

Audit Services



**AUDIT ■ TAX ■ ADVISORY**

*CORRESPONDENT OF MAZARS*



# UJAMAA PAMODZI AFRICA

## FINANCIAL STATEMENTS

For the year ended 31 December 2019

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# UJAMAA PAMODZI AFRICA

## TRUSTEES' REPORT

For the year ended 31 December 2019

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 2019.

### 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 2020 annual financial statements.

# UJAMAA PAMODZI AFRICA

## STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

For the period ended 31 December 2019

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 11/12/20 2020 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 2019, 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 2019, 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*

**AMG Global  
Chartered Accountants  
Lilongwe (Malawi)**

*04 / 08 / 2020*

# UJAMAA PAMODZI AFRICA

## STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2019

*In Malawi Kwacha*

	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	2	19,757,584	17,109,508
<b>Total non-current assets</b>		<b>19,757,584</b>	<b>17,109,508</b>
<b>Current assets</b>			
Other receivables		280,000	854,035
Cash and cash equivalents	3	39,460,812	18,101,668
<b>Total current assets</b>		<b>39,740,812</b>	<b>18,955,703</b>
<b>Total Assets</b>		<b>59,498,396</b>	<b>36,065,211</b>
<b>Trust Funds and liabilities</b>			
Capital funds		19,757,584	17,109,508
General funds		30,809,705	5,462,596
<b>Total funds</b>		<b>50,567,289</b>	<b>22,572,104</b>
<b>Current liabilities</b>			
Other payables	4	8,931,107	13,493,107
		<b>8,931,107</b>	<b>13,493,107</b>
<b>Total funds &amp; liabilities</b>		<b>59,498,396</b>	<b>36,065,211</b>

These financial statements were authorized for issue by the Board of Trustees on 21/12/20 2020 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 2019

*In Malawi Kwacha*

	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Income</b>			
Donor funding	5	227,598,067	201,749,694
Other income	6	43,234,422	14,122,710
<b>Total income</b>		<b>270,832,489</b>	<b>215,872,404</b>
<b>Expenditure</b>			
Administration expenses	7	31,036,427	20,599,163
Personnel costs	8	100,765,343	77,186,989
Program/grant expenses	9	103,856,142	86,617,009
Capital expenditure	10	9,827,468	14,902,325
<b>Total expenditure</b>		<b>245,485,380</b>	<b>199,305,486</b>
<b>Surplus for the year</b>		<b>25,347,109</b>	<b>16,566,918</b>

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 2019

*In Malawi Kwacha*

	Capital funds	General funds	Total
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
<b>Balance at 31 December 2018</b>	<b>17,109,508</b>	<b>5,462,596</b>	<b>22,572,104</b>
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
<b>Balance at 31 December 2019</b>	<b>19,757,584</b>	<b>30,809,705</b>	<b>50,567,289</b>

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 2019

*In Malawi Kwacha*

	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>			
Surplus for the year		25,347,109	16,566,918
Adjustments for:			
Depreciation		7,179,391	511,205
		<u>32,526,500</u>	<u>17,078,123</u>
<b>Movement in working capital</b>			
Decrease in receivables		574,035	432,215
Decrease in payables		(4,562,000)	(10,956,324)
<b>Net cash generated by operating activities</b>		<u>(3,987,965)</u>	<u>(10,524,109)</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(9,827,467)	(14,902,325)
<b>Net cash used in investing activities</b>		<u>(9,827,467)</u>	<u>(14,902,325)</u>
<b>Cash flows from financing activities</b>			
Capital funds		9,827,467	14,902,325
Release of capital fund		(7,179,391)	(511,205)
<b>Net cash used in financing activities</b>		<u>2,648,076</u>	<u>7,697,086</u>
<b>Net increase in cash and cash equivalents</b>		<b>21,359,144</b>	<b>(651,225)</b>
Cash and cash equivalents at the beginning of the year		18,101,668	18,752,893
<b>Cash and cash equivalents at the end of the year</b>	3	<u>39,460,812</u>	<u>18,101,668</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 2019

### 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

Ujamaa 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

# ACCOUNTING POLICIES

For the year ended 31 December 2019

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- 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 2019

In Malawi Kwacha

### 2. Equipment

	Furniture and fittings	Computers	Equipment	Motor Vehicles	Total
<b>Cost</b>					
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
<b>At 31 December 2018</b>	<b>1,538,650</b>	<b>4,472,408</b>	<b>3,048,750</b>	<b>12,450,000</b>	<b>21,509,808</b>
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
<b>At 31 December 2019</b>	<b>1,538,650</b>	<b>10,875,175</b>	<b>6,473,450</b>	<b>12,450,000</b>	<b>31,337,275</b>
<b>Depreciation</b>					
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
<b>At 31 December 2018</b>	<b>483,519</b>	<b>2,559,016</b>	<b>1,357,765</b>	<b>-</b>	<b>4,400,300</b>
At 1 January 2019	483,519	2,559,016	1,357,765	-	4,400,300
Charge for the year	422,052	2,566,665	1,700,674	2,490,000	7,179,391
<b>At 31 December 2019</b>	<b>905,572</b>	<b>5,125,681</b>	<b>3,058,439</b>	<b>2,490,000</b>	<b>11,579,691</b>
<b>Carrying value</b>					
<b>As at 31 December 2019</b>	<b>633,078</b>	<b>5,749,495</b>	<b>3,415,011</b>	<b>9,960,000</b>	<b>19,757,584</b>
As at 31 December 2018	1,055,131	1,913,392	1,690,985	12,450,000	17,109,508

	<b>2019</b>	<b>2018</b>
<b>3. Cash and Cash equivalents</b>		
Trocaire account	6,687,221	8,154,981
Local account	4,911,811	8,993,755
UNICEF	27,718,035	209,373
Irish	119,910	-
US Dollar account	23,835	743,560
	<b>39,460,812</b>	<b>18,101,668</b>

# UJAMAA PAMODZI AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

*In Malawi Kwacha*

<b>4. Other payables</b>	<b>2019</b>	<b>2018</b>
Payroll liabilities	7,435,461	11,497,843
Accruals	1,495,646	1,995,264
	<b>8,931,107</b>	<b>13,493,107</b>
<b>5. Grant received</b>		
<b><u>The following income was received from Trocaire</u></b>		
1 <sup>st</sup> tranche – 04/05/2019	16,749,324	-
2 <sup>nd</sup> tranche – 19/08/2019	22,227,619	-
3 <sup>rd</sup> tranche – 31/10/2019	17,083,263	-
	<b>56,060,206</b>	-
<b><u>The following income was received from UNICEF</u></b>		
1 <sup>st</sup> tranche – 02/09/2019	81,562,283	-
2 <sup>nd</sup> tranche – 09/12/2019	55,798,950	-
	<b>137,361,233</b>	-
<b><u>The following income was received from Irish</u></b>		
1 <sup>st</sup> tranche – 25/09/2019	13,579,894	-
2 <sup>nd</sup> tranche – 20/11/2019	20,596,733	-
	<b>34,176,628</b>	-
<b>Total program income in 2019</b>	<b>227,598,067</b>	-
<b><u>Grant received</u></b>	<b>2018</b>	<b>2018</b>
<b><u>The following income was received from Ujamaa</u></b>	<b>USD</b>	<b>MK</b>
1 <sup>st</sup> tranche - 30/01/2018	4,070	2,913,949
2 <sup>nd</sup> tranche - 27/02/2018	9,185	6,568,047
	<b>13,255</b>	<b>9,481,996</b>
<b><u>The following income was received from Trocaire</u></b>		
1 <sup>st</sup> tranche - 06/04/2018	-	15,062,986
2 <sup>nd</sup> tranche - 31/05/2018	-	22,494,899
3 <sup>rd</sup> tranche - 08/11/2018	-	16,963,672
4 <sup>th</sup> tranche - 04/12/2018	-	31,260,641
	-	<b>85,782,198</b>
<b><u>The following income was received from UNICEF</u></b>		
1 <sup>st</sup> tranche - 11/05/2018	-	45,355,500
2 <sup>nd</sup> tranche - 27/07/2018	-	30,767,500
3 <sup>rd</sup> tranche - 19/10/2018	-	30,362,500
	-	<b>106,485,500</b>
<b>Total program income in 2018</b>	-	<b>201,749,694</b>

# UJAMAA PAMODZI AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

*In Malawi Kwacha*

<b>6. Other income</b>	<b>2019</b>	<b>2018</b>
	<b>MK</b>	<b>MK</b>
Loan written off	2,020,942	6,694,034
Future Kids foundation	-	4,731,100
Ujamaa Africa Kenya – contribution for salaries and pension	40,302,229	-
Interest received	1,014	25,448
Other income	-	2,547,238
Exchange gain	910,237	124,890
	<b>43,234,422</b>	<b>14,122,710</b>
<b>7. Administration expenses</b>		
Rent	9,219,335	7,936,408
Printing and copying	73,284	113,500
Insurance	-	947,563
Stationery	4,966,755	3,851,552
Business registration fees	560,000	540,000
Accounting/Audit Fees	3,346,675	-
Equip rental and maintenance	1,735,090	577,665
Motor vehicle expenses	1,336,638	-
Electricity, Water	212,095	457,692
Telephone, telecommunications	2,071,200	2,232,000
Security	1,275,400	1,123,400
Other office expenses	3,679,442	1,209,862
Bank charges	2,560,513	1,609,521
	<b>31,036,427</b>	<b>20,599,163</b>

# UJAMAA PAMODZI AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2019*

	2019 MK	2018 MK
<b>8. Personnel costs</b>		
Payroll expenses	100,765,343	77,186,989
	<b>100,765,343</b>	<b>77,186,989</b>
<b>9. Program/grant expenses</b>		
Program expense refund	5,806,018	5,888,187
Research validation	23,940,428	-
Training	11,798,450	4,957,836
Transport	13,249,169	19,604,328
Training Materials	9,127,193	5,390,880
Conference, conventions and meetings	31,725	467,275
Stipend	9,692,715	7,788,000
Air travel	1,751,929	1,376,984
Accommodation and meals	5,953,788	8,810,105
Refreshments	15,825,027	32,333,414
Allowances for participants	6,627,700	-
Other costs	52,000	-
	<b>103,856,142</b>	<b>86,617,009</b>
<b>10. Capital expenditure</b>		
Computers	6,402,768	1,811,575
Office equipment	3,424,700	640,750
Motor vehicles	-	12,450,000
	<b>9,827,468</b>	<b>14,902,325</b>
<b>11. Capital commitments</b>		
There were no capital commitments at the end of the year.		
<b>12. Contingent liabilities</b>		
There were no contingencies as at the end of the year.		
<b>13. Comparative information</b>		
Certain comparative figures have been reclassified where necessary to facilitate comparison.		
<b>14. Going concern</b>		
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.		
<b>15. Subsequent events</b>		
There have been no material events occurring after the statement in financial position date that require adjustments to or disclosures in the financial statements.		