UJAMAA NA WATOTO WENYE HAKI INITIATIVE

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2014

NDICU AND COMPANY

CONTENTS

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 Angelita Caredd Meghann Kabala CPA Louis Joseph Onguto Brendan Ross Vida Sanford Patrick Garrity
Auditor	Ndicu and Company Certified Public Accountants of Kenya Nyamakoroto house, 4th floor, Room 408 P.O. Box 1440-20100 Nakuru Kenya. Email: ndicuandco@gmail.com

The directors submit their report together with the audited financial statements for the period ended 31st December 2014 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:	2014 kshs	2013 Kshs
Surplus before tax	800,630	1,071,435
Tax expense	-	-
Surplus after tax	800,630	1,071,435

Directorate

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

Auditor

Ndicu & Company, the organisation's auditor have expressed their willingness to continue in office in accordance with Societies Act.

By order of the board

Director 13/10/2015

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 2014 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 ____________________ and signed on its behalf by:

Director ____________________ 13/10/15

Programmes Manager ____________________ 13/10/15

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 16 which comprise the statement of financial position as at 31st December 2014, and the statement of comprehensive income, statement of changes in fund balances and cash flow statement for the year 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 organisation as at 31st December 2014 and of its surplus and cash flows for the period then ended in accordance with International Financial Reporting Standards and the Societies Act.

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

Report on Other Legal Requirements

As required by the Kenyan Societes 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Peter Ndicu Njogu - P/No. 1575.

Ndicu and Company
Certified Public Accountants of Kenya

Nakuru Date: 14/10/2015

STATEMENT OF COMPREHENSIVE INCOME

	Note	2014 Kshs	2013 Kshs
INCOME			
Funds	4	44,687,441	29,656,319
		44,687,441	29,656,319
EXPENSES			
Program expenses	5	38,543,987	25,587,776
Administrative expenses	6	3,167,838	2,342,358
Establishment expenses	7	2,174,986	654,750
Total expenses		43,886,811	28,584,884
Operating Surplus		800,630	1,071,435
Finance costs		-	-
Surplus before tax		800,630	1,071,435
Tax	8	-	-
Net Surplus for the year		800,630	1,071,435

STATEMENT OF FINANCIAL POSITION

	Note	2014 Kshs	2013 Kshs
ASSETS			
NON CURRENT ASSETS			
Property, plant and Equipments	9	2,006,479	2,256,053
Software	10	55,350	96,864
		2,061,829	2,352,917
CURRENT ASSETS			
Accounts receivable	11	6,277,552	3,029,117
Cash and cash equivalent	12	1,634,939	621,342
		7,912,491	3,650,459
TOTAL ASSETS		9,974,320	6,003,376
RESERVES, FUNDS AND LIABILITIES			
RESERVES AND FUNDS			
General funds	14	5,890,473	4,217,630
Capital funds	14	2,230,308	397,064
		8,120,781	4,614,694
CURRENT LIABILITIES			
Accounts payables and accruals	15	1,853,539	1,388,682
		1,853,539	1,388,682
TOTAL FUND'S AND LIABILITIES		9,974,320	6,003,376

The financial statements on pages 6 to 16 were approved for issue by the board of directors on ____________________ and were signed on its behalf by:

Programme Manager ____________________ 13/10/15

Director ____________________ 13/10/15

STATEMENT OF CHANGES IN FUNDS

	Note	General Fund Khs	Capital Fund Khs	Total Khs
At 1 January 2013		6,170,361	932,034	7,102,395
For the year	17	(3,024,166)		(3,024,166)
Depreciation charge			(493,456)	(493,456)
Software amortization			(41,514)	(41,514)
Surplus for the year		1,071,435		1,071,435
At 31 December 2013		4,217,630	397,064	4,614,694
At 1 January 2014		4,217,630	397,064	4,614,694
Prior year adjustment	17	3,024,166	168,479	3,192,645
Transfers		(2,151,953)	2,151,953	-
Depreciation charge			(445,674)	(445,674)
Software amortization			(41,514)	(41,514)
Surplus for the year		800,630		800,630
At 31 December 2014		5,890,473	2,230,308	8,120,781

CASH FLOW STATEMENT

	Note	2014 Kshs	2013 Kshs
Cash generated from operations	16	(1,982,948)	3,715,554
Tax		-	-
Net cash generated from operating activities		(1,982,948)	3,715,554
Cash flows from investing activities			
Purchase of property, plant and equipment		(196,100)	(496,015)
Software		-	(44,237)
Net cash (used in) investing activities		(196,100)	(540,252)
Cash flows from financing activities			
Funds account		3,192,645	(3,024,166)
Net cash generated from financing activities		3,192,645	(3,024,166)
Net increase in cash and cash equivalents		1,013,597	151,136
Cash and cash equivalents at the beginning		621,342	470,206
Cash and cash equivalents at the end	13	**1,634,939**	**621,342**

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

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:

	Rate - %
Computer and accessories	30.0
Furniture and fittings	12.5
Equipments	12.5

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.

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

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 norminal 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

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. An amount of kshs 310,000 for internet expenses charged to administartion in 2013 has been transferred to programme expenses to conform with changes in the organistion financial policy.

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.

3. Critical accounting estimates and judgements

The organisation makes estimates and assumptions that affect the reported amounts of assets and liabilites 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.

NOTES

	2014 Kshs	2013 Kshs
4. REVENUE		
Program funding	44,619,231	29,455,660
Processing fees	68,210	200,659
	44,687,441	29,656,319
5. PROGRAM EXPENSES		
Stipends for NMN instructors	25,199,867	20,568,123
Production and distribution of NMN training materials	2,352,750	1,641,064
Travelling expenses	1,405,965	1,224,995
Research facilitation	5,442,282	1,346,535
Establishment costs Ujamaa-Pamodzi-Malawi	3,285,323	-
Programme utilities	857,800	807,059
	38,543,987	25,587,776
6. ADMINISTRATIVE EXPENSES		
Foreign Exchange Loss	-	30,050
Staff salaries	1,950,000	1,400,000
Legal/Contract charges	89,555	168,000
Office supplies	180,898	166,563
Printing and copying	79,510	41,073
Repairs and maintenance	66,725	136,685
Travelling	227,089	89,530
Bank charges	208,184	17,069
Telephone - Airtime	61,420	51,945
Internet	74,826	50,000
Other utilities	55,631	75,443
Audit fee	174,000	116,000
	3,167,838	2,342,358
7. ESTABLISHMENT EXPENSES		
Rent- Administration office	520,267	163,688
Rent - Programme offices	1,560,802	491,062
Electricity	93,917	-
	2,174,986	654,750
8. TAX EXPENSE		
Current tax	-	-

9. PROPERTY, PLANT AND EQUIPMENT

	Computers Kshs	Furniture, fittings & Kshs	Equipments Kshs	Total Kshs
Cost				
Opening carrying value	1,287,880	1,162,304	1,120,295	3,570,479
Additions	196,100	-	-	196,100
At 31 December 2014	1,483,980	1,162,304	1,120,295	3,766,579
Depreciation				
Accumulated depreciation	688,810	299,208	326,408	1,314,426
Charge for the year	238,551	107,887	99,236	445,674
At 31 December 2014	927,361	407,095	425,644	1,760,100
Net carrying value				
At 31 December 2014	556,619	755,209	694,651	2,006,479
At 31 December 2013	599,070	863,096	793,887	2,256,053

10. SOFTWARE

	2014 Kshs	2013 Kshs
Cost	96,864	138,378
Amortised amount	(41,514)	(41,514)
	55,350	96,864

11. ACCOUNTS RECEIVABLE

	2014 Kshs	2013 Kshs
Deposits and prepayments	2,528,448	263,409
Other deposits	51,000	51,000
Salary Advance	3,500	29,344
Loans to members	3,575,361	2,622,971
Bulk Purchases	119,243	62,393
	6,277,552	3,029,117

12. CASH AND CASH EQUIVALENT

	2014 Kshs	2013 Kshs
Equity Bank of Kenya-Micro finance loan account	1,060,397	279,692
Equity bank -NGO	83,405	85,430
Equity bank-NGO Current	10,931	139,347
Equity bank USD-NGO Account	51,953	51,953
Equity bank- Donor	105,952	-
Equity bank- Mashinani	190,042	-
Equity bank- USD	(36,665)	-
Cash in Hand	168,924	64,920
	1,634,939	621,342

NOTES

13. Cash and cash equivalents

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

	2014 Kshs	2013 Kshs
Cash and current account balances		
Cash at bank	1,466,015	556,423
Cash in hand	168,924	64,920
	1,634,939	621,343

14. FUNDS ACCOUNT

	General fund Kshs	Capital fund Kshs
At 1st January 2014	4,217,630	397,064
During the year	1,672,843	1,833,244
At 31st December 2014	5,890,473	2,230,308

The fund account is detailed on to page 8

15. ACCOUNTS PAYABLE

	2014 Kshs	2013 Kshs
Audit fees Accrued	116,000	29,000
Members savings	1,737,539	1,359,682
	1,853,539	1,388,682

16. CASH GENERATED FROM OPERATION

Reconciliation of profit before income tax to cash generated from operations:

	2014 Kshs	2013 Kshs
Profit before income tax	800,630	1,071,435
Adjustment for:		
Depreciation	-	-
Changes in working capital		
Receivable and Prepayments	(3,248,435)	2,681,813
Payables and Accrued expenses	464,857	(37,694)
Cash generated from operations	(1,982,948)	3,715,554

17. PRIOR YEAR END ADJUSTMENTS.

In the year 2013 the organisation had set aside an amount of Kshs 3,024,166 from the operating fund to a staff welfare revolving fund. This amount was restated in the books of accounts in 2014 since it was recovered from the staff fund.

In the year 2014 an amount of Kshs 168,479 previous removed from the reserved due to a disputed transaction was recovered and is restated in the books of accounts as cash held in the office.