NON-GOVERNMENTAL
ORGANIZATIONS BOARD
OFFICE OF THE EXECUTIVE
04 APR 2018
DIRECTOR
P.O. Box 44617-00100, NAIROBI

EDUCAFRICA FOUNDATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2017

Prepared By:
Muthengi & Associates,
Certified Public Accountants of Kenya
P.O. Box 5845-00100, Nairobi

CONTENTS

ORGANIZATION INFORMATION

Board of Governors

Chairperson	: Michael ochola
Secretary	: Valentina Correa
Treasurer	: Marcos Ramirez
Member	: Matias Saenz

Registered Office	: Madonna House
	: Westlands
	: Ground Floor Room A05
	: P.O Box 51140
	: Nairobi.
Auditors	: Muthengi & Associates,
	: Certified Public Accountants,
	: P.O. Box 5845-00100
	: Nairobi
Legal Advisors	: Anthony Gakuru
	: Kaplan and Stratton Advocates Nairobi
Principal Bankers	: NIC Bank

REPORT OF THE BOARD OF GOVERNORS

The Governors submit their report and the audited financial statements for the period ended 31st December 2017, which disclose the state of affairs of the organisation.

PRINCIPAL ACTIVITY

The principal activity of the organisation is to alleviate poverty and promote access to education among the needy.

RESULTS

The organisation results for the year is as shown on the Comprehensive Income Statement .

BOARD MEMBERS

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

In accordance with the NGO's Act, 1990, no board member is due for retirement by rotation.

AUDITORS

The Organisation's auditors, Muthengi & Associates have indicated their willingness to continue in office in accordance with the NGO,s Act 1990.

BY ORDER OF THE BOARD

ADMINISTRATOR
NAIROBI

20th March 2018

STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

The Kenyan NGO's Act 1990, requires the Board of Governors to prepare 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 Governors to ensure that the organisation maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the organisation. The Governors are also responsible for safeguarding the assets of the organisation.

The Governors 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 the requirements of the Kenyan NGO's Act, 1990. The Governors are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the organistion as at 31st December 2017 and of its operating results for the year then ended. The Governors 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 governors 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 governors on **20th March 2018** and signed on its behalf by:

Chairman **Signature:**..................................

Treasurer **Signature:**..................................

Board Member **Signature:**..................................

REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD MEMBERS OF EDUCAFRICA FOUNDATION

Opinion

We have audited the accompanying Financial Statements of **Educafrica Foundation** set out on pages 5 to 15 which comprise Statement of Financial Position as at 31st December 2017 and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Organisation as at 31st December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Kenyan NGO's Act 1990.

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 company within the meaning of the International Ethics Standards Boards for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Ethical requirements that are relevant to our audit of financial statements in Kenya and have fulfilled our other responsibilities under those ethical requirements.

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

Key Audit Matters

There were no key audit matters noted.

Management' Responsibility for the Financial Statements

The management are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan NGO 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.

In preparing the financial Statements, the directors are responsible for assessing the company' ability to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the directors either intend to liquidate the company or have no realistic alternative to do so.

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 depends on our professional judgment, 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 consider the internal control relevant to the organisation's preparation and fair presentation of the Financial Statements in order to design audit procedures that are 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.

Report on Other Legal Requirements

As required by the Kenyan NGO's Act 1990, 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

iii) The Organisation's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Peter Muthengi - P/No. 1534

Muthengi & Associates
Certified Public Accountants, Nairobi.

Date: 29/03/2018

MUTHENGI & ASSOCIATES

STATEMENT OF COMPREHENSIVE INCOME & EXPENDITURE

	Note	2017 Shs	2016 Shs
INCOME			
Donations	1a	12,634,947	7,881,627
Grants	1b	-	123,400
Other Income	1c	420,356	5,948
Total Income		**13,055,302**	**8,010,974**
EXPENDITURE			
Direct Costs	2a	9,432,943	1,839,852
Administration Expenses	2b	2,000,450	1,252,500
Operating Expenses	2c	195,614	46,100
Finance Cost	2d	32,903	36,120
Total Expenditure		**11,661,910**	**3,174,572**
Operating (Deficit)/Surplus		**1,393,392**	**4,836,402**
Purchase of Asset	3	-	(3,992,000)
(DEFICIT)/SURPLUS FOR THE YEAR		**1,393,392**	**844,402**

STATEMENT OF FINANCIAL POSITION

		2017	2016
ASSETS	**Note**	**Shs**	**Shs**
Non-Current Assets			
Property, Plant and Equipment	3	3,892,273	3,938,813
		3,892,273	**3,938,813**
Current Assets			
Trade and Other Receivables	4	200,000	-
Cash & Bank Balances	5	2,072,794	879,402
		2,272,794	**879,402**
TOTAL ASSETS		**6,165,067**	**4,818,214**
CAPITAL & LIABILITIES			
Capital			
Capital Fund		3,892,273	3,938,813
General Fund		2,237,794	844,402
		6,130,067	**4,783,214**
Current Liabilities			
Trade & Other Payables	6	35,000	35,000
		35,000	**35,000**
TOTAL CAPITAL & LIABILITIES		**6,165,067**	**4,818,214**

The financial statements on pages 5 to 17 were approved for issue by the board of directors on **20th March 2018** and were signed on its behalf by:

Chairman **Signature:**...................................

Treasurer **Signature:**...................................

Board Member **Signature:**...................................

STATEMENT OF CHANGES IN ACCUMMULATED FUND

2017	Capital Fund Shs	General Fund Shs	Total Shs
Balance as at 1st January 2017	3,938,813	844,402	**4,783,214**
Purchase of Asset	-	-	-
Depreciation Charge	(46,539)	-	**(46,539)**
Surplus/(Deficit) for the year	-	1,393,392	**1,393,392**
At 31st December 2017	3,892,273	2,237,794	6,130,067

2016	Capital Fund Shs	General Fund Shs	Total Shs
Balance as at 1st January 2016	-	-	-
Purchase of Asset	3,992,000	-	**3,992,000**
Depreciation Charge	(53,188)	-	**(53,188)**
Surplus/(Deficit) for the year	-	844,402	**844,402**
At 31st December 2016	3,938,813	844,402	4,783,214

CASH FLOW STATEMENT

	Note	2017 Shs	2016 Shs
Cash flows from Operating Activities			
(Deficit)/Surplus		1,393,392	844,402
Adjustments for:			
(Deficit)/Surplus before Working Capital changes		1,393,392	844,402
Decrease / (increase) in:			
- Trade and other receivables	4	(200,000)	-
Increase / (decrease) in:			
- Trade and other payables	6	-	35,000
Cash generated from Operations		1,193,392	879,402
Net cash generated from Operating Activities		1,193,392	879,402
Cash flows from Investing Activities			
Purchase of property, plant and equipment	3	-	(3,992,000)
Net cash (used in) Investing Activities		-	(3,992,000)
Cash flows from Financing Activities			
Accummulated funds A/c		-	3,992,000
Net cash generated from Financing Activities		-	3,992,000
Net (decrease) in cash and cash equivalents		1,193,392	879,402
Cash and cash equivalents at 1st January		879,402	-
Cash and cash equivalents at 31st December	5	2,072,794	879,402

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 organisation. 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

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

The organisation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for the organisation's activity as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The organisation bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Sales of services are recognised upon delivery of service and customer acceptance.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at historical cost.All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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 Statement of Comprehensive Income in the year to which it relates.

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

	Rate - %
Land	Nil
Furniture & Fittings	12.5

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

d) Intangible assets

Software licence costs are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of the software to its residual value over the estimated useful life using an annual rate of 30%.

e) 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 Statement of

f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Cost comprises the cost of purchase and all other costs attributed to bring the goods to that particular condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

g) Provision for liabilities and charges

Provisions are recognised when the NGO 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.

h) 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 organistation's contributions are charged to the Statement of Comprehensive Income in the year to which they relate.

i) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

k) Financial instruments

The organisation classifies its investments into the following categories:

i) **Held-to-maturity investments** which are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has a positive intention to hold to maturity.

ii) **Loans and receivables** which are non-derivative financial assets created by the organisation by providing money or products directly to the debtor other than those with the intent to be sold immediately or in the short run.

iii) **Available-for-sale financial assets** which are assets held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates.

All financial assets are classified as non-current except those with maturities of less than 12 months from the balance sheet date, those which the directors have the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial assets are recognised initially using the trade date accounting which is the date the organisation 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.

The directors classify financial assets as follows:

* Receivables are classified as 'loans and receivables' and are carried at amortised cost using the effective interest method.

* Term, current and call deposits with banking institutions are classified as 'held-to-maturity investments' and are carried at amortised cost using the effective interest method.

Financial liabilities

The Organisation's financial liabilities which include borrowings and trade and other payables fall into the following category:

Financial liabilities measured at amortised cost: These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the statement of comprehensive income under finance costs.

All financial liabilities are classified as current liabilities unless the Organisation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Financial liabilities are derecognised when, and only when, the organisation's obligations are discharged, cancelled or expired.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Receivables

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

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.

Receivables not collectable are written off against the related provisions. Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income in the year of recovery.

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) Operating leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

o) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

p) Critical accounting estimates and judgements

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

i) Property, plant and equipment

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

ii) Impairment losses on receivables

The organisation regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the profit and loss account, the organisation 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 TO THE FINANCIAL STATEMENTS

		2017 Shs	2016 Shs
1 Income			
a) Donations			
Monto EN Dolares Fundcion		8,660,015	3,970,219
Fundcion Educafrica		3,974,932	3,911,408
Total Donations		**12,634,947**	**7,881,627**
b) Grants			
Spanish Speakers Association Program		-	123,400
Total Grants		**-**	**123,400**
c) Other Income			
Interest Income		13,193	5,948
Rent Prepaid		87,163	-
South Africa Program		320,000	-
Total Other Income		**420,356**	**5,948**
Total Income		**13,055,302**	**8,010,974**
2 Expenditure			
a) Direct Cost			
Scholarship Program	Primary	1,867,022	919,852
	Secondary	447,400	-
Uniform		150,000	101,500
Graduation Fee		5,000	28,000
Teaching Materials		-	160,280
Social Activities -Futbol Mas		4,993,567	493,220
Educational Advicement Program		781,124	-
Infrastructure Program	Chicken Project	280,010	-
	Shamba Project	722,720	-
Repairs & Maintenance		186,100	137,000
Total Direct Costs		**9,432,943**	**1,839,852**
b) Administrative Expenses			
Salaries and Wages		632,000	416,000
Rent Expeses		947,500	790,100
Audit & Accountancy Fees		35,000	35,000
Telephone Internet & Software renewal		64,150	11,400
Office running expenses		321,800	-
Total Administrative Expenses		**2,000,450**	**1,252,500**
c) Operating Expenses			
Water and Electricity		161,500	26,100
Transport		34,114	20,000
Total Operating Expenses		**195,614**	**46,100**
d) Finance Costs			
Bank Charges		32,903	36,120
Total Finance Costs		**32,903**	**36,120**

NOTES TO THE FINANCIAL STATEMENTS

Property, Plant and Equipment

2017	Land	Furniture & Fittings	Total
	Nill	12.50%	
Balance B/f	3,566,500	425,500	3,992,000
Additions during the year		-	-
Total at Cost (Ksh)	**3,566,500**	**425,500**	**3,992,000**
Depreciation			
Depreciation B/f	-	53,188	53,188
Charge for the year	-	46,539	46,539
Total Depreciation	-	**99,727**	**99,727**
Net Book Value (Ksh)	**3,566,500**	**325,773**	**3,892,273**

2016	Land	Furniture & Fittings	Total
	Nill	12.50%	
Balance B/f	-	-	-
Additions during the year	3,566,500	425,500	3,992,000
Total at Cost (Ksh)	**3,566,500**	**425,500**	**3,992,000**
Depreciation			
Depreciation B/f	-	-	-
Charge for the year	-	53,188	53,188
Total Depreciation	-	**53,188**	**53,188**
Net Book Value (Ksh)	**3,566,500**	**372,313**	**3,938,813**

	2017 Shs	2016 Shs
4 Trade and Other Reveivables		
Advance Salary Payment	200,000	-
	200,000	**-**
5 Cash and Cash Equivalents		
Cash in Bank	2,072,794	879,402
	2,072,794	**879,402**
6 Trade and Other Payables		
Accrued Audit Fees	35,000	35,000
	35,000	**35,000**