

**BWALO INITIATIVE**

**FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

**BWALO INITIATIVE  
FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

Bwalo Initiative is a local Non-Governmental Organization incorporated under the Trustees Incorporation Act on 14<sup>th</sup> February 2011.

**NATURE OF OPERATIONS**

The mission of the organisation is to change livelihoods in grassroots communities by providing facilitation and implementation of an enabling environment for enhancement of individuals who can contribute to the reduction of poverty in Malawi.

**BOARD OF TRUSTEES**

Sipiwe Kapawe (Miss) - Chairperson  
Dr. Davis Khasu-Board Member  
Chipo Jamu (Mrs.)- Board Secretary  
Mr Davis Chabwera -Board Member  
Margarate Mkangala (Miss) - Board Member  
Ethel Mittawa (Mrs.)-Board Treasurer

**REGISTERED OFFICE**

Anglican Building  
Along Zomba-Blantyre Road  
Next to FDH Bank  
Room number 4  
P.O. Box 765  
Zomba

**AUDITORS**

AuditPlus  
P.O. Box 3116  
Blantyre

**EXECUTIVE DIRECTOR**

Rodgers Kaunda

**HEAD OF FINANCE**

Clarity Nthonyani

**BANKERS**

National Bank of Malawi - Zomba  
Standard Bank of Malawi - Zomba

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**BWALO INITIATIVE  
FINANCIAL REPORT**

**STATEMENT OF THE TRUSTEES RESPONSIBILITIES  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

The trustees of **BWALO INITIATIVE** are required to review the financial report for each financial year which gives a true and fair view of the state of affairs of the Trust as at the end of the financial year and of the operating results for the period.

The trustees are also required to ensure that the Trust keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust.

In reviewing the financial report, 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 the financial report, subject to any material departures being disclosed and explained in the financial report; and

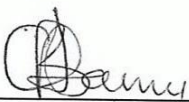
Preparation of the financial report on a going concern basis unless it is inappropriate to presume that the Trust will continue in existence.

The trustees also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust 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 report gives a true and fair view of the state of the financial affairs of the Trust and of its operating results.

  
\_\_\_\_\_  
TRUSTEE

13-08-2018  
DATE

  
\_\_\_\_\_  
TRUSTEE

13-08-2018  
DATE





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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE TRUSTEES**

### **BWALO INITIATIVE**

#### **Opinion**

We have audited the statement of cash receipts and disbursements of **BWALO INITIATIVE** - (the Trust) for the year ended December 31, 2017 and notes to the statement of cash receipts and disbursements, including a summary of significant accounting policies (together "the financial statement")

In our opinion, except for the possible effects of the matter described in the *Basis for Opinion* section of our report, the accompanying financial statement presents fairly, in all material respects, the cash receipts and disbursements of the Trust for the year ended December 31, 2017 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and with specific reference to ISA 800 (Revised) *Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks* and ISA 805 (Revised) *Special Considerations - Audits of Single Financial Statements and Specific elements, Accounts or Items of a Financial Statement*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

This is the first period we have audited the organisation and it is the first time the Trust has been subjected to an external audit on its financial statements. The comparative figures i.e. 2016 amounts are unaudited.

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to the donors of the **BWALO INITIATIVE** Trust. As a result, the statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statement**

Management is responsible for preparation and fair presentation of the financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note 2; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.



## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 this financial statement. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 Trust's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Trust'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 statement 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 Trust to cease to continue as a going concern:
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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.

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

  
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Joseph K. Ndovi

Blantyre


17 August 2018

**BWALO INITIATIVE  
FINANCIAL REPORT  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Notes	2017 MK	2016 MK
<b>ASSETS</b>			
Property, plant and equipment	9	<u>37,269,817</u>	<u>17,107,860</u>
<b>Current assets</b>			
Cash and cash bank	12	<u>181,342</u>	<u>4,997,964</u>
<b>Total current assets</b>		<u>181,342</u>	<u>4,997,964</u>
<b>Total assets</b>		<u>37,451,159</u>	<u>22,105,824</u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
General fund		(984,154)	4,997,964
Capital fund		<u>37,269,817</u>	<u>17,107,860</u>
<b>Total funds</b>		<u>36,285,663</u>	<u>22,105,824</u>
<b>Current liabilities</b>			
Payables	13	400,000	-
Bank overdraft	12	<u>765,496</u>	<u>-</u>
<b>Total current liabilities</b>		<u>1,165,496</u>	<u>-</u>
<b>Total funds and liabilities</b>		<u>37,451,159</u>	<u>22,105,824</u>

The financial report of BWALO INITIATIVE was approved by the Board of Trustees on .....13.  
August, 2018 and signed on its behalf by:

  
CHAIRPERSON

  
TRUSTEE

**BWALO INITIATIVE**  
**FINANCIAL REPORT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**PERIOD: JANUARY 2017 TO DECEMBER 2017**

	Notes	2017 MK	2016 MK
<b>Funds brought forward</b>	<b>12</b>	<b>4,997,964</b>	<b>-</b>
<b>Receipts in the year</b>			
Grant income	10	20,980,589	22,186,660
Tranfers within BWALO INITIATIVE Bank accounts		9,041,463	-
Bank interest and other income	11	314,913	100,973
		<u>30,336,965</u>	<u>22,287,633</u>
<b>Total receipts</b>		<b><u>35,334,929</u></b>	<b><u>22,287,633</u></b>
<b>Payments - Projects</b>	<b>4</b>		
European Project	APP.1	9,877,863	1,550,000
Operations	APP.2	11,011,585	5,068,000
PEPFAR - US Embassy	APP.3	7,300,216	-
Tilitonse Fund	APP.4	7,729,419	10,671,669
<b>Total payments</b>		<b><u>35,919,083</u></b>	<b><u>17,289,669</u></b>
<b>Payments - other (accruals)</b>	<b>13</b>	<b>400,000</b>	<b>-</b>
<b>Total Project Expenditure</b>		<b><u>36,319,083</u></b>	<b><u>17,289,669</u></b>
<b>(Deficit)/deferred income for the year</b>		<b><u>(984,154)</u></b>	<b><u>4,997,964</u></b>
<b>Represented by:</b>			
Bank accounts	12	(584,154)	4,997,964
Payables - Accruals	13	(400,000)	-
		<b><u>(984,154)</u></b>	<b><u>4,997,964</u></b>



**BWALO INITIATIVE  
FINANCIAL REPORT  
ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL REPORT  
PERIOD: JANUARY 2017 TO DECEMBER 2017**

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**1 Nature of Operations**

Bwalo Initiative is a local Non-Governmental Organization incorporated under the Trustees Incorporation Act on 14<sup>th</sup> February 2011.

The mission of the organisation is to change livelihoods in grassroots communities by providing facilitation and implementation of an enabling environment for enhancement of individuals who can contribute to the reduction of poverty in Malawi.

**2 Basis of Preparation**

The financial statements are prepared in Malawi Kwacha on cash basis.

Verified and confirmed commitments, which are within the relevant agreements and are for the pursuance of agreed Programme objectives, are disclosed within the financial statements.

**3 Revenue**

**a. Grants in Cash**

Grants represent total cash disbursed and received from donors, realised foreign exchange gains and interest earned thereon. A grant is brought into account when it has been deposited in the Trust's bank account.

**b. Donated assets and gifts in kind**

The value of donated services and gifts in kind provided to the Trust are recognised at an estimate of their gross value in the period in which they are received as incoming resources, where the benefit to the Trust can be reliably measured.

**c. Exchange gains**

Realised exchange gains are calculated between the rate used for budgeting and the actual rate (used for translation) ruling on the date donated funds are received in foreign currency.

All foreign currency gains are exclusively used in the furtherance of the Trust's activities as agreed in the budget.



**BWALO INITIATIVE  
FINANCIAL REPORT  
ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL REPORT  
PERIOD: JANUARY 2017 TO DECEMBER 2017**

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**4 Expenditure**

Attributable expenditure is recognised on payment basis and represents actual cash disbursed during the financial period.

All expenditure is classified in accordance with the budget. The budget forms part of the contract with donors.

**5 Capital Assets**

Fixed assets bought by the Trust are expensed in the year of purchase.

**6 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and bank balances.

**7 Head office Administration costs**

Part of the total funding for the different projects of the Trust is budgeted for Head Office Administration costs. The equivalent funds are transferred from the Trust's Project bank account into the Trusts main Operations bank account.

**8 Budget**

Comparative figures are in respect of budgeted amounts approved by donors on the Trust.

**BWALO INITIATIVE**  
**FINANCIAL REPORT**  
**NOTES TO THE FINANCIAL REPORT**  
**PERIOD: JANUARY 2017 TO DECEMBER 2017**

**9 PROPERTY, PLANT AND EQUIPMENT**

	<b>Freehold Land MK</b>	<b>Buildings MK</b>	<b>Computers MK</b>	<b>Equipment MK</b>	<b>Furniture &amp; Fittings MK</b>	<b>Total MK</b>
<b>Cost or valuation</b>						
As at 1 January 2016	1,000,000	14,625,000	267,969	1,416,406	803,906	18,113,281
Additions			803,850			803,850
As at 31 December 2016	<u>1,000,000</u>	<u>14,625,000</u>	<u>1,071,819</u>	<u>1,416,406</u>	<u>803,906</u>	<u>18,917,131</u>
As at 1 January 2017	1,000,000	14,625,000	1,071,819	1,416,406	803,906	18,917,131
Additions	-	17,102,317	711,738	3,717,000	95,000	21,626,055
As at 31 December 2017	<u>1,000,000</u>	<u>31,727,317</u>	<u>1,783,557</u>	<u>5,133,406</u>	<u>898,906</u>	<u>40,543,186</u>
<b>Depreciation</b>						
As at 1 January 2016	-	375,000	82,031	433,594	246,094	1,136,719
Charge for the year	-	356,250	123,723	122,852	69,727	672,552
As at 31 December 2016	<u>-</u>	<u>731,250</u>	<u>205,754</u>	<u>556,446</u>	<u>315,821</u>	<u>1,809,271</u>
As at 1 January 2017	-	731,250	205,754	556,446	315,821	1,809,271
Charge for the year	-	756,620	171,506	502,564	33,408	1,464,098
As at 31 December 2017	<u>-</u>	<u>1,487,870</u>	<u>377,260</u>	<u>1,059,010</u>	<u>349,229</u>	<u>3,273,369</u>
<b>Net carrying amounts</b>						
As at 31 December 2017	<u>1,000,000</u>	<u>30,239,447</u>	<u>1,406,297</u>	<u>4,074,396</u>	<u>549,677</u>	<u>37,269,817</u>
As at 31 December 2016	<u>1,000,000</u>	<u>13,893,750</u>	<u>866,065</u>	<u>859,960</u>	<u>488,085</u>	<u>17,107,860</u>

**BWALO INITIATIVE**  
**FINANCIAL REPORT**  
**NOTES TO THE FINANCIAL REPORT**  
**PERIOD: JANUARY 2017 TO DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>MK</b>	<b>MK</b>
<b>10 Grants</b>		
European Union	9,875,132	1,550,000
American Embassy	7,419,415	-
Tilitonse Fund	2,730,000	15,420,600
Netherlands	956,042	5,216,060
	<u>20,980,589</u>	<u>22,186,660</u>
<b>11 Bank interest and other income</b>		
Bank interest	3,697	5,487
Other income	176,216	95,486
Refunds	135,000	-
	<u>314,913</u>	<u>100,973</u>
<b>12 Bank</b>		
EU Project	(2,731)	-
Operations	(762,765)	-
PEPFAR - American Embassy	181,342	-
Tilitonse Project	-	4,997,964
	<u>(584,154)</u>	<u>4,997,964</u>
<b>13 Commitments</b>		
Audit fees	<u>400,000</u>	<u>-</u>



**BWALO INITIATIVE  
FINANCIAL REPORT  
NOTES TO THE FINANCIAL REPORT  
PERIOD: JANUARY 2017 TO DECEMBER 2017**

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**CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 2017. (2016: K nil)

**CAPITAL COMMITMENTS**

There were no capital commitments as at 31 December 2017. (2016: K nil)

**GOING CONCERN**

The going concern of the Trust is dependent on the continued inflow of donations from its major donors.

**FOREIGN EXCHANGE RATES AND INFLATION RATE**

The average of the year – end buying and selling rates of the major foreign currencies affecting the performance of the Trust are stated below, together with the increase in the National Consumer Price Index which represent an official measure of inflation.

**EXCHANGE RATES**

	<b>2017</b>	<b>2016</b>
Kwacha / US Dollar	725.6548	724.08
Kwacha / Euro	865.10	763.10
Kwacha / GBP	974.3515	889.24

**INFLATION RATE**

Inflation rate %	7.1%	20.0%
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**BWALO INITIATIVE  
FINANCIAL REPORT  
APPENDICES TO THE FINANCIAL REPORT - EUROPEAN UNION PROJECT  
PERIOD: JANUARY 2017 TO DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
<b>INCOME</b>	<b>MK</b>	<b>MK</b>
Donation Income	9,860,132	1,550,000
Bank Interest	-	-
Other Income	15,000	-
<b>TOTAL INCOME</b>	<u>9,875,132</u>	<u>1,550,000</u>
<b>EXPENDITURE</b>		
<b>CHILD PROTECTION</b>		
Salaries Technical	5,857,794	-
Perdiems	54,440	-
Local Transportation	108,500	-
Computer Equipment	20,967	-
Machines and Tools	210,000	960,000
Internship Placement	769,057	-
Visibility Actions	45,000	480,000
Trainers Fees	-	63,000
<b>Sub-Total</b>	<u>7,065,758</u>	<u>1,503,000</u>
<b>ADMINISTRATION</b>		
Salaries Administration	1,391,400	-
Office Rent	105,000	-
Office Supplies	92,705	-
Other Services	214,560	-
Financial Services	97,020	-
Indirect Costs	911,420	47,000
<b>Sub-Total</b>	<u>2,812,105</u>	<u>47,000</u>
<b>TOTAL EXPENDITURE</b>	<u>9,877,863</u>	<u>1,550,000</u>
<b>OVER-EXPENDITURE</b>	<u>(2,731)</u>	<u>-</u>

**BWALO INITIATIVE  
FINANCIAL REPORT  
APPENDICES TO THE FINANCIAL REPORT - OPERATIONS  
PERIOD: JANUARY 2017 TO DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>MK</b>	<b>MK</b>
<b>INCOME</b>		
Donation Income	956,042	5,216,060
Bank Interest	1,100	164
Other Income - transfers	9,292,228	5,000
<b>TOTAL INCOME</b>	<u>10,249,370</u>	<u>5,221,225</u>
<b>EXPENDITURE</b>		
<b>CHILD PROTECTION</b>		
Land and Buildings	-	2,693,000
Salaries Technical	5,246,713	-
Perdiems	121,000	-
Local Transportation	48,000	-
Furniture	1,051,000	-
Computers	217,805	-
Internship placement	30,000	-
Visibility	151,300	-
Project Fees	-	2,375,000
<b>Sub-Total</b>	<u>6,865,818</u>	<u>5,068,000</u>
<b>ADMINISTRATION</b>		
Salaries Administration	1,849,356	-
Consumables	30,190	-
Other Services	249,601	-
Financial Services	131,255	-
Indirect Costs	426,315	-
Loans	627,000	-
PAYE	832,050	-
<b>Sub-Total</b>	<u>4,145,767</u>	<u>-</u>
<b>TOTAL EXPENDITURE</b>	<u>11,011,585</u>	<u>5,068,000</u>
<b>(OVER-EXPENDITURE)/DEFERRED INCOME</b>	<u>(762,215)</u>	<u>153,225</u>



**BWALO INITIATIVE  
FINANCIAL REPORT  
APPENDICES TO THE FINANCIAL REPORT - US EMBASSY PROJECT  
PERIOD: JANUARY 2017 TO DECEMBER 2017**

	2017	2016
<b>INCOME</b>	<b>MK</b>	<b>MK</b>
Donation Income	7,419,415	-
Bank Interest	1,143	-
Other Income	61,000	-
<b>TOTAL INCOME</b>	<u>7,481,558</u>	<u>-</u>
<b>EXPENDITURE</b>		
<b>HUMAN RIGHTS</b>		
Presentation to DEC	4,424,863	-
Conduct baseline/Visibility	858,625	-
Salaries Technical	630,000	-
Local Transportation	84,000	-
<b>Sub-Total</b>	<u>5,997,488</u>	<u>-</u>
<b>ADMINISTRATION</b>		
Administration/Indirect costs	1,181,728	-
Bank Charges	121,000	-
<b>Sub-Total</b>	<u>1,302,728</u>	<u>-</u>
<b>TOTAL EXPENDITURE</b>	<u>7,300,216</u>	<u>-</u>
<b>DEFERRED INCOME</b>	<u>181,342</u>	<u>-</u>

**BWALO INITIATIVE  
FINANCIAL REPORT**

**APPENDICES TO THE FINANCIAL REPORT - THE TILITONSE PROJECT  
PERIOD: JANUARY 2017 TO DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>MK</b>	<b>MK</b>
<b>OPENING BALANCE</b>	<b>4,997,964</b>	<b>-</b>
<b>INCOME RECEIVED IN THE YEAR</b>		
Donation Income	2,730,000	15,420,600
Bank Interest	1,455	5,322
Other Income	-	243,710
<b>Income received in the year</b>	<b>2,731,455</b>	<b>15,669,632</b>
<b>TOTAL INCOME</b>	<b>7,729,419</b>	<b>15,669,632</b>
<b>EXPENDITURE</b>		
<b>HUMAN RIGHTS</b>		
Enhanced capacity for the urban governance structures	2,130,995	2,692,350
Increased access to information on governance and their entitlements	1,738,000	3,172,300
Strengthening engagement between duty bearers and rightholders	1,821,700	2,265,200
Personnel Costs	1,190,000	1,019,000
Computers	-	803,850
<b>Sub-Total</b>	<b>6,880,695</b>	<b>9,952,700</b>
<b>ADMINISTRATION</b>		
Office Rent	-	315,000
Administration/Indirect costs	815,196	325,000
Bank charges	33,528	78,969
<b>Sub-Total</b>	<b>848,724</b>	<b>718,969</b>
<b>TOTAL EXPENDITURE</b>	<b>7,729,419</b>	<b>10,671,669</b>
<b>DEFERRED INCOME</b>	<b>-</b>	<b>4,997,964</b>