

**FOUNDATION FOR ACTIVE CIVIC EDUCATION
(FACE)**

STATEMENT OF INCOME AND EXPENDITURE
For the year ended

31 December 2021

Foundation for Active Civic Education (FACE)
Statement of Income and Expenditure for the year ended
31 December 2021

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1. Introduction

2. Background information

Foundation for Active Civic Education is a locally development agency registered with the NGO Board and Council for Non-Governmental Organisation in Malawi (CONGOMA). Its registered address is:

P.O. Box 27,
Chitima
Nsanje.

3. Operational activities and objectives

The program focuses on an integrated approach to support vulnerable communities through a participatory and empowering process to access improved livelihood and health services to insure improved food and health security in Nsanje district. The principal components of the programme are in the following areas: -

- Community Health
- HIV and AIDS prevention and support
- Nutritional behaviour
- Wash and sanitation health
- Health and systems strengthening
- Livelihoods support through sustainable intensification of farming practices and off farm income diversification support
- Strengthening farmer networks and groups for inclusion into the value chain
- Disaster risk reduction and climate change adaptation to build resilient communities

4. Funding

Foundation for Active Civic Education is financed by All We Can Methodist Relief and Development, an international Christian faith organization that works through partnership alongside global neighbors most impacted by disasters, poverty and injustice to enable flourishing and resilient communities.

5. The strategic objectives of the funding were: -

- Improved income and food security at household level of communities especially the rural poor households in Lower Shire.
- Increased community resilience in managing disasters.

Statement of Management's Responsibilities

Management is responsible for preparing the Statements of Income and Expenditure that reflects true and fair view of the organization's receipts and payments. It is also responsible for the maintenance of adequate accounting records and internal controls, the selection and application of suitable accounting policies, and safeguarding the assets of the organization and projects.

Management accepts responsibility for the Statement of Income and Expenditure presented in Section 4 of this report, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the requirements of the donors.

Management further accepts responsibility for the maintenance of the accounting records, which may be relied upon in the preparation of the Statement of Income and Expenditure, Statement of Financial Position as well as adequate systems of internal financial control.



Chairman



Trustee

15 February 2022

AUDIT OBJECTIVES

for the year ended 31 December 2021.

The financial audit was carried out in accordance with international Auditing Standards and terms of reference for the assignment, issued by Foundation for Active Civic Education.

Our specific objectives were to:

- Express an opinion on whether the statement of income and expenditure for the projects presents fairly, in all material respect project revenues and costs incurred for the year ended 31 December 2021, in accordance with generally accepted accounting principles.
- Evaluate and obtain sufficient understanding of internal control structure of the organisation, assess control risk and identify reportable conditions including material control weakness.
- Perform tests to determine whether the organisation complied in all material respects, with the agreement terms and express positive assurance on those items tested and negative assurance on those terms not tested in identifying all material instances of non-compliance.

Audit scope

Income and Expenditure statement

- Examination of the statement of income and expenditure amounts by category.
- Reconciliation of revenue received less expenses incurred to the bank.
- Examination of expenditure to source documents, verification of adequate authorisation and verification that expenditure was allowable under the relevant agreement terms.
- Review of accounting records.
- Determination that available funds were used to further organisation's objectives.
- Review procurement procedures to ensure sound commercial practices were used.

Internal Control structure

- Obtaining a sufficient understanding of the internal control structure to plan the audit and determine the nature, timing and extent of tests to be performed
- Documentation and evaluation of the control environment
- Identification of agreement terms and determination of those which if not observed could have a material effect on the income and expenditure statement.
- Designing of audit steps and procedures to test for errors, irregularities and illegal acts that provide reasonable assurance of detecting instances of non-compliance
- Verifying that expenditure have been made in accordance with agreement terms and applicable regulations.
- Verifying that expenditure by category was within the budgeted amount as allowed by the project agreement.
- Determining that the income and expenditure statement was supported by books and records from which the statement is prepared

Foundation for Active Civic Education did not prevent us from examining any documents and conducting the tests and procedures deemed necessary to form a reasonable basis for our opinion.

Foundation for Active Civic Education (FACE)
Statement of Income and Expenditure for the year ended
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Auditor's report

Our audit opinion on the statement of income and expenditure was reached after being satisfied with the results of our audit. We have drawn your attention to comments made on the projects implementation in accordance with above requirements, which have been commented separately.

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED

The following table shows the income and expenditure of the Foundation for Active Civic Education for the year ended 31 December 2021.

The income and expenditure of the Foundation for Active Civic Education for the year ended 31 December 2021 are set out in the following table.

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Plot 49, sector 2/51,
P.O. Box 870 Lilongwe, Malawi
Tel: +265 1 774650
Email: info@makgrantco.com
Website: www.makgrantco.mw

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GAKA RADIO ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021.**

Opinion

- Our opinion:**
- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2021 and the results for the year then ended;
 - the company's financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted; and
 - the financial statements have been prepared in accordance with the requirements of the Companies Act, 2013.

The financial statements comprise the statement of financial position, the consolidated income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the related notes 1 to 21. The financial reporting framework that has been applied in the preparation of the financial statements is applicable to Malawi law and IFRSs.

Basis of opinion

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. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements that are relevant to our audit of the financial statements in Malawi and we have fulfilled our other 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 audit opinion.

Going concern

As required by International Standards on Auditing (ISAs) we have reviewed the management's assessment of the company's going concern. We confirm that we:

- have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- have not identified any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing. Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated

Mak Grant and Co.
28 FEB 2022
P.O. Box 870
Lilongwe, Malawi

Professional standards review team, strategically focused second partner reviews and independent partner reviews.

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for their report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.



The engagement partner on the audit resulting in this independent auditor's report is Mr. Shaffiluna Mboma.

Signature in the name of Audit Firm: MAK GRANT & CO.

Signature of engagement partner : 



Area 48, Sector 2/51,
P.O. Box 870
Lilongwe, Malawi
28 February 2022



Foundation for Active Civic Education (FACE)
Statement of Income and Expenditure for the year ended
31 December 2021

4. FINANCIAL REPORTS

4.01 STATEMENT OF INCOME AND EXPENDITURE

	Notes	<u>2021</u>
		K
Income		
Donation	5.2	30,000,000
Interest received		<u>22,070</u>
		<u>30,022,070</u>
Expenditure		
Program costs	5.5	15,180,611
Personnel costs	5.6	10,466,193
Administration costs	5.7	<u>3,561,725</u>
		<u>29,208,529</u>
Surplus for the year		813,541
Opening balance		<u>661,629</u>
Closing balance		<u>1,475,170</u>
The amount is represented as follows:		
Account's payables	5.4	(1,985,750)
Bank balance	5.3	<u>3,460,920</u>
		<u>1,475,170</u>

42 STATEMENT OF FINANCIAL POSITION

	Notes	<u>2021</u> K
Assets		
Current assets		
Cash and cash equivalents	5.3	<u>3,460,920</u>
Fund balances and liabilities		
Funds		
Accumulated project fund		<u>1,475,170</u>
Current liabilities		
Accounts payable	5.4	<u>1,985,750</u>
Total funds and liabilities		<u>3,460,920</u>

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

Significant accounting policies

The significant accounting policies adopted in the preparation of this Statement of Income and Expenditure are set out below: -

- (i) **Basis of preparation**
The financial statements are presented in Malawi Kwacha and are, prepared on a cash basis.
- (ii) **Incoming resources**
Revenue grants are credited to the Statement of Income and Expenditure when received or receivable whichever is earlier, unless they relate to a specific future period, in which case they are deferred.
- (iii) **Resources expended**
Resources expended are recognized in the period in which they are incurred. They include Value Added Tax, which cannot be recovered.
- (iv) **Furniture and equipment**
Items of furniture and equipment procured under projects' funding are expensed in the Statement of Income and Expenditure in the year of purchase.

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE (Continued)

	<u>2021</u> K
5.2 Donation	<u>30,000,000</u>
All We Can Methodist Relief and Development	
<u>Date of receipt</u>	15,000,000
15-02-2021	<u>15,000,000</u>
26-08-2020	
	<u>30,000,000</u>
5.3 Bank balance	3,073,970
All We Can Methodist Relief and Development	<u>386,950</u>
Build Back Better Initiative project	
	<u>3,460,920</u>
Build Back Better Initiative is a project funded by All We Can. The donor has approved the use of the same bank account so as to serve costs.	
5.4 Account's payables	1,598,800
Audit fee	<u>386,950</u>
Build Back Better Initiative project	
	<u>1,985,750</u>

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE (Continued)

ES	PROGRAM COSTS	Actual	Budget	Rate
		K	K	%
	1.1.1 Promote small scale businesses among 12 targeted communities	33,000	33,400	99.8
	1.1.2 Conduct 2 days entrepreneurship training for 40 poor women and marginalized groups for the 12 targeted communities	774,700	774,700	100
	1.2.1 Facilitate formation of VSL in the 12 communities	33,400	33,400	100
	1.3.1 Conduct nonresidential training for 40 lead farmers on climate SMART Agricultural technologies for 2 days at Magoti TDC	776,210	776,350	100
	1.3.2 Facilitate winter production among 12 communities by conducting 12 community awareness meetings and 5 radio drama sessions	283,400	283,400	100
	1.4.1 Conduct 2 days refresher training for 40 people on vaccination and cross breeding of chickens and goats at Magoti TDC	769,930	770,350	99.9
	1.4.2 Procure 48 black Australone chickens and 16 goats and run a pass on program for 3 years.	1,811,360	1,812,000	100
	2.1.1 Conduct 2 days non-residential training for VCPC members on participatory vulnerability assessment (PVCA)	814,250	814,700	99.9
	2.2.1 Train 40 V.C.P.C. Members for 2 days on Disaster Risk Management and Climate Change	861,226	861,503	100
	2.2.2 Conduct disaster response simulation drills in 12 communities to prepare for projected disasters	33,400	33,400	100
	2.2.3 Train 40 first aid providers, search and rescue and communication teams for community based and people centered EWS	730,500	730,700	100
	2.3.1 Train 36 VCPC members on contingency plan template which will be cascaded at household level	621,277	621,400	100
	2.3.2 Conduct quarterly disaster awareness campaigns on Gaka radio station	456,000	456,000	100
	2.4.1 Conducting a 3-day training on the formation of Honey Association	1,179,030	1,179,700	99.9

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NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE (Continued)

E.5 PROGRAM COSTS	Actual	Budget	Rate
	K	K	%
2.4.1.1 Procure and distribute 50 beehives to 20 farmers from the 11 targeted communities	600,000	600,000	100
2.4.1.2 Procure 4 sets of harvesting kits	528,600	528,600	100
2.4.3 Conduct participatory monthly monitoring visits to the 12 communities	290,862	280,560	103.7
3.1.2 Conduct board members training on governance and finance.	900,000	900,000	100
3.1.3 Support capacity building of Finance manager in finance management	598,500	600,000	99.8
3.1.4 Conduct quarterly Partner review meeting with other AWC partners	744,426	768,800	83.3
3.1.5 Conduct Biannual review meeting with 40 cluster leaders and Area stakeholder panel committee	845,540	850,700	99.4
3.2.1 Hire a consultant to produce FACE business plan and cash flow	1,495,000	1,000,000	149.5
3.2.2 Conduct Mid-term Strategic Plan Review meeting	-	1,286,030	(100)
	15,180,611	15,995,693	103.4
E.6 PERSONNEL COSTS			
Executive Director	2,808,000	2,808,000	100
Project Co-Ordinator	2,330,193	2,328,480	100
Project Officer	3,168,000	3,168,000	100
Finance Officer	1,440,000	1,440,000	100
Guard	720,000	720,000	100
	10,466,193	10,464,480	100
E.7 ADMINISTRATION COSTS			
Audit fees	1,598,800	1,600,000	99.9
Bank charges	393,250	360,000	102
Fuel	380,000	420,000	90.5
Motor bikes insurance	45,775	49,827	91.9
Motor bikes service and maintenance	119,520	120,000	99.6
Office communication	280,500	246,000	114
Office internet	234,000	234,000	100
Office utilities	300,000	300,000	100
Stationery	209,880	210,000	99.9
	3,561,725	3,539,827	93
GRAND TOTAL	29,208,529	30,000,000	100.9

*Foundation for Active Civic Education (FACE)
Statement of Income and Expenditure for the year ended
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FIXED ASSET REGISTER

Item	Date of Purchase	Serial No.	Cost
Land and buildings			
1 Land	2004	FC2004	5,500,000
1 Building	2004	FC2004	3,500,000
Sub-Total			9,000,000
Furniture and equipment's			
8 Office Desk	2010	F0001-F0008	1,500,000
1 office desk Donation by Médecins sans frontières	2020	F0009	230,000
1 Office Table	2010	F00010	30,000
20 Office Chairs	2016	F0011 -F0031	400,000
2 Office chairs donated by Médecins	2020	F0032- F0034	100,000
5 Cushioned chairs	2015	F0035-F0040	300,000
1 Refrigerator	2015	F0041	200,000
1 Punch	2015	F0042	10,000
2 Laptop	2015	F0043-F0045	2,170,000
1 HP desktop Sets Pro 3300	2013	F0046	590,000
2 Wooden Office filing shelves	2015	F0047-F0049	180,000
1 wooden Office filing Cabinet	2015	F0050	40,000
2 Office Telephone Handset	2016	F0051-F0052	72,000
1 Motor bike (BQ8203)	2013	F0053	1,500,000
1 Motor bike (BS 6204)	2013	F0054	1,500,000
1 Motor bike (BS 1052)	2013	F0055	1,500,000
1 Motor bike (BN 9804)	2013	F0056	1,200,000
1 Cash safe	2013	F0057	200,000
2 Office clock	2013	F0058 -F0059	50,000
1 Flip chart stand	2013	F00060	30,000
1 Notice Board	2015	F0061	300,000
2 Office Tray	2014	F0062 -F0064	30,000
1 Calculator	2016	F0065	25,000
1 HP ProBook 450 Laptop		F0066	640,750
1 HP Laser jet Printer		F0067	516,000
Sub-Total			13,313,750
GRAND TOTAL VALUE			22,313,750