

**AFIDEP**

African Institute for  
Development Policy

# AUDITED FINANCIAL REPORT

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

AFRICAN INSTITUTE FOR DEVELOPMENT POLICY  
(AFIDEP)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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## **BOARD OF DIRECTORS**

Prof Francis Dodoo  
 Elizabeth Lule  
 Pamela Onduso  
 Prof. Sosten Chiotha

Chairperson  
 Vice Chairperson  
 Treasurer  
 Board member

Dr. John Mudany

Board member and Chairperson of  
 Finance and Human Resource  
 Committee

Dr. Yazoume Ye

Board member and Chairperson of  
 the Audit, Risk and Compliance  
 Committee

Susan Rich  
 Dr. Cheikh Mbacke'  
 Sarai Chisala-Templehoff  
 Dr. Eliya Zulu

Board member  
 Board member  
 Board member  
 (Ex-officio Board member)

## **MANAGEMENT**

Dr Eliya Zulu  
 Dr Rose Oronje  
 Prof. Nyovani Madise  
 Mr. John Kuyeli

Executive Director  
 Director, Science Communications  
 and Evidence Uptake  
 Director of Development Policy &  
 Head of Malawi Office  
 Acting Head of Finance and  
 Administration

## **REGISTERED OFFICE**

Westcom Point Building  
 6th Floor, Block A,  
 Mahiga Mairu Avenue,  
 Westlands  
 P.O. Box 14688, 00800  
 Nairobi, Kenya

## **MALAWI OFFICE**

Area 6, plot # 6/3 Off  
 Maula Prison Road  
 P.O. Box 31024  
 Lilongwe 3, Malawi  
 T: +265 995 495 143

## **INDEPENDENT AUDITOR**

Parker Randall Eastern  
 Africa  
 Certified Public  
 Accountants  
 Block 2(A), Galleria  
 Business Park, Lang'ata  
 road  
 P.O Box 25426 – 00100  
 Nairobi

## **PRINCIPAL BANKERS**

Eco bank Kenya Limited  
 Nairobi  
 Eco bank Malawi Limited  
 Blantyre

**PRINCIPAL BANKERS**

NCBA Bank Limited  
Nairobi  
Standard Bank Limited  
Malawi

**LEGAL ADVISORS**

Njoroge Regeru and Co  
Advocates  
Nairobi

Wilkinson & Associates  
Lilongwe  
Malawi

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2021 which shows the state of affairs of the organisation.

## **1. Incorporation**

AFIDEP is a Pan African Not for profit Research And Policy Institute established in 2010 to help bridge the gaps between research, policy and practice in development efforts in Africa. We are registered as a Non-Governmental Organisation in both Kenya and Malawi, with a mandate to work across Africa. We seek to contribute to the realisation of the SDGs and other development strategies by enabling the formulation of effective development policies and programme interventions.

## **2. Objectives of the Institute**

Since its establishment in 2010, AFIDEP has been working across Africa to realize sustainable development by strengthening the use of evidence by decision-makers. Over the years, the institution has experienced significant growth and increasingly being recognized as the go-to research and policy institute in the continent. This work has been driven through the Strategic Plan, 2020-2024.

## **3. Principal activities**

The principal activity of the organisation is to facilitate creation, translation and utilisation of research evidence for policy formulation and resource allocation in Africa.

## **4. Results**

The results for the year are as set out on page 9.

## **4. Directors**

The directors who served during the year and to the date of this report are as shown on page 1.

## **5. Statement of disclosure to the Institution's auditors**


With respect to each person who is a Board member on the day that this report is approved:

- There is, so far as the person is aware, no relevant audit information of which the institution's auditors are unaware; and
- The person has taken all the steps that he/she ought to have taken as a member to be aware of any relevant audit information and to establish that the Institution's auditors are aware of that information.

**6. Terms of appointment of the auditors**

Parker Randall Eastern Africa continue in office in accordance with the Terms of Engagement. The Directors monitor the effectiveness, objectivity, and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

**By Order of the Board**



.....  
**Director**

.....  
30 March.....2022

The NGO Coordination Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the results for that year. It also requires the directors to ensure that the organisation maintains proper accounting records that are sufficient to show and explain the transactions of the organisation; and that disclose, with reasonable accuracy, the financial position of the organisation and that enables them to prepare financial statements of the organisation that comply with the International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the NGO Coordination Act. The directors are also responsible for safeguarding the assets of the organisation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.


The directors are of the opinion that the financial statements give a true and fair view of the financial position of the organisation as at 31 December 2021 and of the organisation's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the NGO Coordination Act.


Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

The financial statements set out on pages 9 to 26 were approved by the Board of Directors on 30 March /2022 and were signed on its behalf by:

  
.....  
**Director**

  
.....  
**Director**



**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF AFRICAN INSTITUTE FOR DEVELOPMENT POLICY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Opinion**

We have audited the financial statements of African Institute for Development Policy (AFIDEP) as set out on pages 9 to 26, which comprise the statement of financial position as at 31 December 2021; statement of income and expenditure and accumulated fund balance, statement of changes in fund balance and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial affairs of African Institute for Development Policy (AFIDEP) as at 31 December 2021 and of its results and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the NGO Coordination Act.

**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 organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

## **Director's 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 for Small and Medium sized Entities (IFRS for SMEs). This responsibility includes designing, implementing and maintaining internal controls 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 organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibility 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 scepticism 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.

**Auditor's responsibility for the audit of the financial statements (continued)**


- 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.

We communicated 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 identified during our audit.

**Report on other matters:**

In our opinion, the information given in the report of the directors on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Michelle Okonji – Practicing certificate No 2423.

  
.....

**Partner**

**For and on behalf;**

   
**Certified Public Accountants**

**Nairobi.**

 2022

AFRICAN INSTITUTE FOR DEVELOPMENT POLICY (AFIDEP)  
STATEMENT OF INCOME AND EXPENDITURE AND ACCUMULATED FUND BALANCE  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 US\$	2021 Kshs	2020 US\$	2020 Kshs
Grant income	4	5,288,418	579,879,962	3,606,283	380,556,532
Other income	5	107,969	11,838,903	100,953	10,748,137
		5,396,387	591,718,865	3,707,236	391,304,669
Programme expenses	6	4,178,330	458,157,860	2,556,737	272,209,793
Administrative expenses	7	1,026,961	112,881,366	897,035	95,505,378
		5,205,292	571,039,226	3,453,772	367,715,171
<b>Excess of income over expenditure in the year</b>		<b>191,095</b>	<b>20,679,639</b>	<b>253,464</b>	<b>23,589,498</b>
<b>Reconciliation of fund balance</b>					
Fund balance brought forward		355,304	38,173,790	252,142	25,501,472
Excess of expenditure over income in the year		191,095	20,679,639	253,464	23,589,498
Transfer to sustainability fund		(100,000)	(10,965,095)	(100,000)	(10,917,180)
Translation difference		-	(11,772,242)	(50,302)	-
<b>Fund balance carried forward</b>		<b>446,398</b>	<b>36,116,092</b>	<b>355,304</b>	<b>38,173,790</b>

The notes set out on pages 13 to 26 form an integral part of these financial statements

<b>Assets</b>	<b>Notes</b>	<b>2021 US\$</b>	<b>2021 Kshs</b>	<b>2020 US\$</b>	<b>2020 Kshs</b>
<b>Non-current assets</b>					
Property and equipment	8	174,216	18,845,296	106,305	11,605,493
<b>Current assets</b>					
Receivables	9	298,041	31,918,350	142,754	15,584,644
Grants receivable	10	1,287,113	145,822,652	756,207	82,501,961
Cash and cash equivalents	11	3,104,305	341,088,585	2,560,183	279,499,821
		4,689,459	518,829,587	3,459,144	377,586,426
<b>Total Assets</b>		<b>4,863,674</b>	<b>537,674,883</b>	<b>3,565,449</b>	<b>389,191,919</b>
<b>Funds and Liabilities</b>					
<b>Funds</b>					
Accumulated fund		446,398	36,116,092	355,304	38,173,790
Sustainability fund		400,000	42,200,885	300,000	31,235,790
		846,398	78,316,977	655,304	69,409,580
<b>Current liabilities</b>					
Payables	12	737,808	83,678,982	291,362	31,808,236
Deferred income	13	3,279,468	375,678,924	2,618,783	287,974,102
		4,017,276	459,357,905	2,910,145	319,782,338
<b>Total Funds and Liabilities</b>		<b>4,863,674</b>	<b>537,674,883</b>	<b>3,656,449</b>	<b>389,191,919</b>

The financial statements on pages 9 to 12 were approved by the Board of Directors on 30 March 2022 and signed on its behalf by:



**Executive Director**



**Chair**

The notes set out on pages 13 to 26 form an integral part of these financial statements.

	Accumulated fund		Sustainability fund		Total	
	Kshs	US\$	Kshs	US\$	Kshs	US\$
<b>Year ended 31 December 2020</b>						
As at 1 January 2020	25,501,472	252,142	20,318,610	200,000	45,820,082	452,142
Excess of expenditure over income in the year	23,589,498	253,464	-	-	23,589,498	253,463
Transfer to sustainability fund	(10,917,180)	(100,000)	10,917,180	100,000	-	-
Translation difference	-	(50,302)	-	-	-	(50,302)
As at 31 December 2020	38,173,790	355,304	31,235,790	300,000	69,409,580	655,303
<b>Year ended 31 December 2021</b>						
As at 1 January 2021	38,173,790	355,303	31,235,790	300,000	69,409,580	655,303
Excess of income over expenditure in the year	20,679,639	191,095	-	-	20,679,639	191,095
Transfer to sustainability fund	(10,965,095)	(100,000)	10,965,095	100,000	-	-
Translation difference	(11,772,242)	-	-	-	(11,772,242)	-
<b>As at 31 December 2021</b>	<b>36,116,092</b>	<b>446,398</b>	<b>42,200,885</b>	<b>400,000</b>	<b>78,316,977</b>	<b>846,398</b>

The notes set out on pages 13 to 26 form an integral part of these financial statements.



AFRICAN INSTITUTE FOR DEVELOPMENT POLICY (AFIDEP)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Notes</b>	<b>2021 Kshs</b>	<b>2021 US\$</b>	<b>2020 Kshs</b>	<b>2020 US\$</b>
Surplus for the year		20,679,639	191,095	23,589,498	253,463
<i>Adjustments for:</i>					
Depreciation on property and equipment	8	7,813,183	68,756	4,547,405	42,712
Surplus before changes in working capital		28,492,822	259,851	28,136,903	296,175
<b><i>Changes in working capital:</i></b>					
Decrease/(increase) in receivables	9	(16,333,706)	(155,287)	5,671,988	67,001
(Increase) in grants receivable	10	(63,320,691)	(530,907)	(50,689,124)	(442,283)
Increase in payables	12	51,870,746	446,443	14,031,508	115,943
Increase in deferred income	13	87,704,822	660,686	239,795,222	2,143,364
<b>Net cash from/(used in) operating activities</b>		<b>88,413,992</b>	<b>680,787</b>	<b>236,946,497</b>	<b>2,180,200</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property and equipment	8	(15,052,984)	(136,664)	(1,918,811)	(18,022)
<b>Net cash used in investing activities</b>		<b>(15,052,984)</b>	<b>(136,664)</b>	<b>(1,918,811)</b>	<b>(18,022)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>73,361,006</b>	<b>544,122</b>	<b>235,027,696</b>	<b>2,162,178</b>
As at 1 January		279,499,821	2,560,183	44,472,135	438,841
Translation difference		(11,772,242)	-	-	(40,836)
<b>As at 31 December</b>	<b>11</b>	<b>341,088,585</b>	<b>3,104,305</b>	<b>279,499,821</b>	<b>2,560,183</b>

The notes set out on pages 13 to 26 form an integral part of these financial statements.

## **1. General information**

African Institute for Development Policy (AFIDEP) is registered in Kenya as an International Non-Governmental Organisation under section 10 of the NGO Coordination Act, and is domiciled in Kenya. The address of its registered office and principal place of business is as shown on page 1.

## **2. Basis of preparation**

The financial statements are prepared on the historical cost basis in accordance with International Financial Reporting Standards for Small and Medium sized Entities. These financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, a

These financial statements comply with the requirements of the NGO Coordination Act.

### **Going concern**

The financial performance of the organisation is set out in the director's report and in the statement of income and expenditure. The financial position of the organization is set out in the statement of financial position.

Based on the above strategies and the organisation's risk management policies, the directors are of the opinion that the organisation is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

## **3. Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### **a. Key sources of estimation uncertainty**

The organisation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

**Useful lives of property and equipment** - Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.



### **3. Summary of significant accounting policies (Continued)**

#### **a. Key sources of estimation uncertainty (continued)**

**Impairment of account receivables** - The organisation reviews their portfolio of accounts receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

#### **b. Recognition of income**

Revenue comprises the fair value of the consideration received or receivable from donors.

Grants are recognised when planned activities for those grants are carried out and deliverables completed. Any unutilised grants are recognised as deferred income and any excess expenditure over income is recorded as grants receivable at year end where there is commitment of additional funds from grant providers to cover such expenditure.

All other donations are accounted for on a cash receipt basis unless there are committed funds or pledged funds that are receivable.

Interest income is accrued by reference to time under the effective interest method.

Other income is recognised upon performance of the services rendered.

#### **c. Capital grants**

This represents funds received for purchase of property and equipment or the value of such property and equipment that are granted to the organisation. The initial amount is credited to a deferred income account known as capital grants. The grant balance is amortised to income annually at an amount equal to that of depreciating the assets purchased with the grants.

#### **d. Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. 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 amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost can be reliably measured.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the financial year in which they are incurred.

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

### **3. Summary of significant accounting policies (continued)**

#### **d. Property and equipment (continued)**

	<b><u>Rate %</u></b>
Computers	<b>33.3%</b>
Software	<b>33.3%</b>
Furniture and fittings	<b>12.5%</b>
Office equipment	<b>12.5%</b>
Motor Vehicles	<b>20%</b>

The depreciation is recognised through the asset account. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining surplus for the year.

#### **e. Receivables**

Receivables are initially recognised at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

#### **f. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included within borrowings under current liabilities.

#### **g. Payables**

Accruals and other payables are obligations on the basis of normal credit terms and do not bear interest.

#### **h. Deferred income**

Grant income is deferred where it has been received in advance to fund specific future project activity. Deferred income is recognised as income when the donated funds are utilised.

#### **i. Borrowings**

Borrowings are initially recognised at transaction price, 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 income and expenditure under finance costs.

### **3. Summary of significant accounting policies (continued)**

#### **i. Borrowings (continued)**

Borrowings are initially recognised at transaction price, 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 income and expenditure under finance costs.

Borrowings 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 reporting date. All borrowing costs are recognised in the statement of income and expenditure in the year in which they are incurred.

#### **j. Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shilling (the functional currency), at the rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the statement of income and expenditure in the year in which they arise.

#### **k. Retirement benefit obligations**

The organisation operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The organisation's contributions to the defined contribution retirement benefit scheme are charged to the statement of income and expenditure in the year in which they relate.

The organisation and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The organisation's contributions to the defined contribution scheme are charged to statement of income and expenditure in the year to which they relate.

#### **l. Taxation**

Whilst the organisation does not have a tax exemption certificate at present, the organisation deals in activities which are not for profit and therefore the management is of the view that the organisation would not be subject to tax.

Therefore, no provision for current or deferred tax is recognised in these financial statements. The management has initiated the process to obtain a formal tax exemption certificate.

#### **m. Accounting for leases**

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of income and expenditure on a straight line basis over the period of the lease.

#### **n. Comparatives**

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

<b>4 Grants Income</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>Donor</b>	<b>Kshs</b>	<b>US\$</b>	<b>Kshs</b>	<b>US\$</b>
BJB Foundation	15,117,905	137,873	3,198,255	30,127
Children's Investment Fund Foundation UK –CIFF	65,780,628	599,909	21,878,686	205,020
Foreign, Commonwealth & Development Office (FCDO)	21,846,846	199,240	8,534,903	78,506
Medical Research Council (MRC) – UK	13,853,879	126,345	17,540,773	162,340
National Institute for Health Research (NIHR) - UK	21,888,686	199,621	31,299,744	286,013
Norwegian Embassy in Malawi	12,807,615	116,804	43,987,613	417,530
The Bill & Melinda Gates Foundation	164,427,742	1,499,556	44,023,171	441,409
The Wellcome Trust	14,383,516	131,175	14,603,158	133,353
The William and Flora Hewlett Foundation	64,608,704	589,222	125,243,404	1,198,639
UK Research and Innovation	-	-	3,284,858	29,843
United Nations Population Fund	4,797,459	43,752	9,535,246	87,118
United States Agency for International Development (USAID)	96,552,047	880,540	12,934,830	121,016
World Health Organization (WHO)	50,723,426	462,590	32,895,293	308,497
Government of Botswana	8,664,117	79,015	-	-
Global Integrity and Mo Ibrahim Foundation	6,894,411	62,876	-	-
Other Funders	17,532,980	159,898	11,596,598	106,872
	<b>579,879,961</b>	<b>5,288,417</b>	<b>380,556,532</b>	<b>3,606,283</b>

## 5. Other income

	2021 Kshs	2021 US\$	2020 Kshs	2020 US\$
Miscellaneous income	4,508,189	41,114	1,454,099	13,658
Interest income	2,799,608	25,532	1,245,137	11,695
Exchange gain	4,501,171	41,050	8,048,901	75,600
Gain on disposal of property	29,935	273	-	-
	<u>11,838,903</u>	<u>107,969</u>	<u>10,748,137</u>	<u>100,953</u>

## 6. Programme costs

Project personnel costs	218,823,931	1,995,641	139,990,390	1,314,863
Project direct costs	112,567,891	1,026,602	57,072,197	536,052
Project travel costs	25,038,794	228,350	5,961,143	55,990
Partners (collaborators) costs	79,897,603	728,654	42,467,875	398,881
Programme support costs	<u>21,829,640</u>	<u>199,083</u>	<u>26,718,188</u>	<u>250,951</u>
	<u>458,157,860</u>	<u>4,178,830</u>	<u>272,209,793</u>	<u>2,556,737</u>

The organization's expenditure has been classified as Programme costs, Programme support costs and administrative expenses.

Programme costs relate to expenses incurred in project implementation by the Programme staff which covers project direct costs, partner costs, project travel costs and project personnel costs.

Programme support costs relate to personnel costs incurred in project implementation by the Finance and Administration staff that are directly covered by project grants. These costs also include personnel costs of communications staff that are incurred in supporting project implementation but are not directly covered by project grants.

## 7. Administrative Expenses

### Employment:

	2021 Kshs	2021 US\$	2020 Kshs	2020 US\$
Administrative staff salaries	28,111,214	256,370	40,995,912	385,055
Staff training	184,104	1,679	957,056	8,989
Staff other benefit	6,667,107	60,803	4,626,244	43,452
Staff welfare	1,723,384	15,717	1,114,748	10,470
Staff recruitments	1,553,754	14,170	225,148	2,115
Other staff costs	9,703,411	88,494	4,620,359	43,397
Total employment costs	47,942,973	437,233	52,539,467	493,478

### Other administrative expenses:

Office rent	16,530,564	150,756	11,624,722	109,186
Depreciation charge for the year	7,813,183	68,756	4,547,405	42,712
Repairs and maintenance - assets and facilities	3,276,041	29,877	3,046,036	28,610
Insurance - health scheme and others	560,316	5,110	2,596,156	24,384
Board expenses/remunerations	1,702,331	15,525	2,509,630	23,572
Internet expenses	3,495,672	31,880	2,460,844	23,114
Partnership Building & Resource mobilization	3,141,719	28,652	2,263,402	21,259
Covid Expenses	1,232,915	11,244	1,860,976	17,479
Travelling/conference and meetings	3,065,402	27,956	1,761,852	16,548
Insurance-assets	2,240,279	20,431	1,413,831	13,279
Bank charges	2,624,715	23,937	1,180,026	11,083
Local travel	788,939	7,195	1,021,274	9,592
Security	282,899	2,580	1,014,243	9,526
Professional fees	10,255,105	93,525	1,013,006	9,515
Office stationery and printing costs	735,868	6,711	909,935	8,547
Advertisements	1,096,400	9,999	837,629	7,867
Office expenses	1,355,176	12,359	627,850	5,897



<b>7. Administrative Expenses (continued)</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>Other administrative expenses (continued):</b>	<b>Kshs</b>	<b>US\$</b>	<b>Kshs</b>	<b>US\$</b>
Telephone communication and postage	635,098	5,792	605,917	5,691
Audit fees	545,842	4,978	589,586	5,538
Electricity	890,146	8,118	505,470	4,748
Miscellaneous expenses	-	-	361,667	3,396
Policy Engagement	-	-	289,818	2,722
Newspapers and periodicals	731,153	6,668	111,360	1,046
General expenses and repairs	230,377	2,101	106,950	1,005
Subscriptions	168,862	1,540	77,976	732
Leave provision	1,539,390	14,039	(371,650)	(3,491)
<i>Total other administrative expenses</i>	<i>64,938,392</i>	<i>589,728</i>	<i>42,695,911</i>	<i>407,557</i>
<b>Total administrative expenses</b>	<b>112,881,366</b>	<b>1,026,961</b>	<b>95,505,378</b>	<b>901,036</b>

Administrative costs are the pooled administration, finance and other operational costs that cannot be allocated directly to specific projects. These costs include personnel costs for administration and finance staff, office supplies, rent and utilities & office general maintenance.

<b>8. Property and equipment</b>		<b>Computers &amp; software Kshs</b>	<b>Furniture and fittings Kshs</b>	<b>Office equipment Kshs</b>	<b>Motor vehicles Kshs</b>	<b>Total Kshs</b>
<b>a) For the year ended 31 December 2021</b>						
<b>Cost</b>						
As at 1 January 2021		8,962,163	16,426,393	7,420,987		34,728,354
Additions		1,532,072	386,739	-	10,759,565	15,052,984
As at 31 December 2021		10,494,235	16,813,132	7,420,987	10,759,565	49,781,338
<b>Depreciation</b>						
As at 1 January 2021		9,062,625	9,037,652	5,022,583	-	23,122,859
Charge for the year		2,922,672	1,881,475	857,123	2,151,913	7,813,183
		11,985,297	10,919,127	5,879,706	2,151,913	30,936,042
<b>Net Book Value</b>						
As at 31 December 2021		1,853,639	6,717,994	1,666,011	8,607,652	18,845,296

<b>Property and equipment</b>		<b>Computers &amp; software Kshs</b>	<b>Furniture and fittings Kshs</b>	<b>Office equipment Kshs</b>	<b>Total Kshs</b>
<b>b) For the year ended 31 December 2020</b>					
<b>Cost</b>					
As at 1 January 2020		8,962,163	16,426,393	7,420,987	32,809,543
Additions		1,532,072	386,739	-	1,918,810
As at 31 December 2020		10,494,235	16,813,132	7,420,987	34,728,354
<b>Depreciation</b>					
As at 1 January 2020		7,143,730	7,290,483	4,141,243	18,575,455
Charge for the year		1,918,896	1,747,169	881,340	4,547,404
		9,062,626	9,037,652	5,022,583	23,122,860
<b>Net Book Value</b>					
As at 31 December 2020		1,431,609	7,775,480	2,389,404	11,605,494



<b>9. Receivables</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Kshs</b>	<b>US\$</b>	<b>Kshs</b>	<b>US\$</b>
Collaborator debtors	23,193,267	216,397	1,944,596	17,812
Prepayments	4,290,430	40,683	10,881,328	99,672
Supplier deposits	2,758,720	25,063	2,758,720	25,270
Staff debtors	1,675,934	15,899	-	-
	<u>31,918,350</u>	<u>298,041</u>	<u>15,584,644</u>	<u>142,754</u>

In the opinion of the directors, the carrying amounts of receivables approximate to their fair value.

**10. Grants receivable**

<b>Donor</b>	<b>2021 Kshs</b>	<b>2021 US\$</b>	<b>2020 Kshs</b>	<b>2020 US\$</b>
Children's Investment Fund Foundation UK –CIFF	7,497,315	66,176	5,943,845	54,000
Engineering and Physical Sciences Research Council (EPSRC)	-	-	590,690	5,366
Foreign & Commonwealth and Development Office (FCDO)	9,905,680	87,433	3,029,897	27,527
Medical Research Council (MRC) – UK	8,949,705	78,995	11,784,222	108,183
National Institute for Health Research (NIHR) - UK	17,997,355	158,855	18,713,512	170,013
Plan International	-	-	711,418	6,463
Southern African Development Community – SADC	-	-	1,817,609	16,513
Swiss Tropical and Public Health Institute	596,041	5,261	579,085	5,261
The Bill & Melinda Gates Foundation	1,489,676	13,149	7,172,877	69,710
The Wellcome Trust	1,533,437	13,535	12,563,003	115,142
UK Research and Innovation	996,281	8,794	2,921,375	26,541
United Nations Population Fund	5,038,514	44,471	8,217,161	74,653
United States Agency for International Development (USAID)	72,716,525	641,838	8,457,267	76,835
Economic and Social Research Council	978,409	8,636	-	-
BJB Foundation	6,117,887	54,000	-	-
Government of Botswana	8,951,990	79,015	-	-
Guttmacher Institute	3,053,836	26,955	-	-
	<b>145,822,652</b>	<b>1,287,114</b>	<b>82,501,959</b>	<b>756,206</b>

<b>11 Cash and cash equivalents</b>	<b>2021 Kshs</b>	<b>2021 US\$</b>	<b>2020 Kshs</b>	<b>2020 US\$</b>
Eco Bank Kenya - GBP account	733,697	6,790	140,076	1,283
Eco Bank Kenya - USD account	7,726,289	63,873	40,536,963	371,313
Eco Bank Kenya - Kshs account	670,666	6,411	30,586	280
Eco Bank Malawi - MK account	1,152,176	10,168	3,548,487	32,504
Eco Bank Malawi - USD account	1,408,847	15,389	6,662,008	61,023
NCBA Bank - Kshs account	(1,210,755)	(10,704)	2,168,151	19,860
NCBA Bank - GBP account	(665,123)	(5,357)	17,104,880	156,680
NCBA Bank - USD account	184,348,342	1,682,057	40,019,377	366,572
Standard Bank Malawi – USD account	554,263	5,016	-	-
Standard Bank Malawi – GBP account	126,300	1,143	-	-
Standard Bank Malawi ML account	3,673,316	38,042	-	-
Sustainability Fund Account -NCBA	11,066,223	100,147	-	-
	<u>209,584,241</u>	<u>1,912,975</u>	<u>110,210,528</u>	<u>1,009,515</u>
Petty cash - Kenya office	88,417	798	72,949	668
Petty cash - Malawi office	27,004	245	54	-
	<u>115,421</u>	<u>1,043</u>	<u>73,003</u>	<u>668</u>
Fixed Deposit	<u>131,388,921</u>	<u>1,190,286</u>	<u>169,216,290</u>	<u>1,550,000</u>
	<u>341,088,585</u>	<u>3,104,305</u>	<u>279,499,821</u>	<u>2,560,183</u>

The Fixed Deposit is held with the NCBA bank. During the year, the sustainability fund account of \$100,000 was disclosed under cash and cash equivalent as a fund account in NCBA

<b>12. Payables</b>	<b>2021 Kshs</b>	<b>2021 US\$</b>	<b>2020 Kshs</b>	<b>2020 US\$</b>
Account payables	68,934,634	607,461	22,379,891	204,997
Other payables	14,744,348	130,344	8,987,007	82,322
Staff creditors	-	-	441,338	4,043
	<u>83,678,982</u>	<u>737,805</u>	<u>31,808,236</u>	<u>291,362</u>

<b>13. Deferred income</b>					
<b>Donor</b>	<b>2021 Kshs</b>	<b>2021 US\$</b>	<b>2020 Kshs</b>	<b>2020 US\$</b>	
BJB Foundation	-	-	1,306,875	11,873	
Children's Investment Fund Foundation UK-CIFF	55,406,469	483,676	28,476,520	258,710	
Economic and Social Research Council	-	-	811,692	7,374	
Guttmacher Institute	-	-	2,006,532	18,229	
Malawi Parliament Strengthening Project	-	-	12,856,701	116,804	
- Norwegian Embassy in Malawi	241,572,503	2,108,790	213,354,635	1,938,333	
The Bill & Melinda Gates Foundation	-	-	9,542,292	89,221	
The William and Flora Hewlett Foundation	-	-	19,618,855	178,238	
World Health Organization	6,947,066	60,644	-	-	
Africa Integrity Indicators – Mo Ibrahim Foundation	71,593,310	624,965	-	-	
Anonymous donor	159,576	1,393	-	-	
International Union for the Scientific Study of Population	375,678,924	3,279,468	287,974,102	2,618,782	

Deferred income relates to grants that have been received in advance to fund specific future project activity.

#### 14. Presentation currency

The financial statements are presented in Kenya Shillings (Kshs) and US dollar (US\$). The organisation's functional currency is Kenya shillings. The presentation of financial statements in US\$ are translated at the closing rate for balances at the reporting date and the average rate for transactions in the statement of income and expenditure except for grant related balance which are reported as received. The translation difference is recognised in the statement of fund balances.

The exchange rates used are as follows:

	<b>2021</b>	<b>2020</b>
Statement of financial position 1 USD	<u>113.14</u>	<u>109.17</u>
Statement of income and expenditure (average rate) 1 USD	<u>109.55</u>	<u>106.47</u>