

GRASSROOTS NEST FOR INNOVATIONS AND CHANGE
AUDITED FINANCIAL STATEMENTS
FOR THE 16 MONTHS TO 31ST DECEMBER 2021

Grassroots nest for Innovations and Change
Annual report and financial statements
For the 16 months to 31st December 2021

CONTENTS

	PAGE
Programme information	1
Report of the directors	2
Statement of directors' responsibilities	3
Report of the independent auditors	4 - 5
Financial statements	
Fund accountability statement	6
Statement of financial position	7
Change in accumulated funds	8
Statement of cash flows	9
Notes to the financial statements	10 - 14

ORGANIZATIONAL INFORMATION

BOARD OF DIRECTORS

Florence Wangui Nyaga
Lucy Warigia Maina
Mary Rose Warue Kariuki

REGISTERED OFFICE

Haven Court
Block D, Waiyaki way
Nairobi, Kenya

AUDITORS

Stephen and Associates
Certified Public Accountants
Krishna Center, 4th floor, suite F16
P.O. Box 14426, 00100
Nairobi, Kenya

PRINCIPAL BANKER

Stanbic Bank
Waiyaki way Branch

DIRECTORS' REPORT

The directors submit their report and the audited financial and fund accountability statements for 16 months to 31st December 2021, which disclose the state of affairs of the .

INCORPORATION

GRIC is a company limited by guarante. The company is incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The address of the registered office is as set out on page 1.

PRINCIPAL ACTIVITIES

Grassroots nest for Innovations and Change is an organisation that aims to build the capacities of Community Based Organizations (CBOs), parents and youth-led groups that work within their communities, to build innovative, sustainable and scalable solutions that increase opportunities for quality education for all children and youth in East Africa

RESULTS

The income for the year amounted Ksh 55,482,310

DIRECTORS

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

AUDITORS

During the year, Stephen and Associates were appointed as the company's auditors and have expressed their willingness to continue in office in accordance with Section 719(2) of the Kenyan Companies Act.

By order of the board


.....
Wangui Nyaga

Executive Director/Secretary to the Board

Nairobi17/05/2022.....

Statement of Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company for the 16 months to 31st December 2021 and of its operating results for the year then ended. The directors further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 17/05/2022 and signed on its behalf by:


.....
Wangui Nyaga
Executive Director/Secretary to the Board


.....
Warue Kariuki
Director/Trustee



**Report of the independent auditor
To Grassroots Nest For Innovations And Change
For the year ended 31 December 2021**

Report on the Financial Statements

We have audited the accompanying financial statements of Grassroots Nest For Innovations And Change, set out on pages 6 to 14 which comprise the balance sheet as at 31 December 2021, and the profit and loss account, 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.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion of these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional 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 considered the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company'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.

Partners: S. Kamau and G. Sagala.

1st Floor, Centro House, Ring Road, Westlands, | PO Box 14426 00100 Nairobi

Tel: +254 20 2508873/4/5 | Fax: +254 20 4446452 | Cell: +254 700416626

Email: info@goaladvisory.com | Website: www.goaladvisory.com



STEPHEN & ASSOCIATES

Certified Public Accountants of Kenya (CPAK)

Opinion

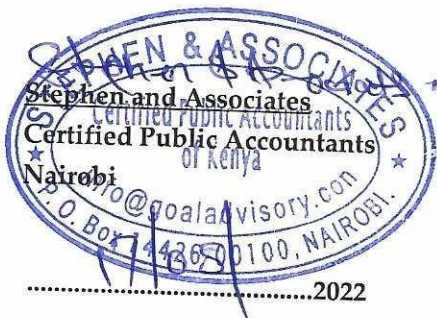
In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31 December 2021 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii) The company's balance sheet and profit and loss account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Stephen Gathang'a Kamau – P/ No 1641



Partners: S. Kamau and G. Sagala.

1st Floor, Centro House, Ring Road, Westlands, | PO Box 14426 00100 Nairobi

Tel: +254 20 2508873/4/5 | Fax: +254 20 4446452 | Cell: +254 700416626

Email: info@goaladvisory.com | Website: www.goaladvisory.com

FUND ACCOUNTABILITY STATEMENT

	Note	2021 KShs
Grants income	2	55,467,954
Others		14,357
Total Income		<u>55,482,310</u>
Expenses:		
Project costs	3	55,467,953
Other costs	4	113,434
		<u>55,581,387</u>
Surplus before taxation		(99,077)
Tax		-
Surplus after taxation		<u><u>(99,077)</u></u>

STATEMENT OF FINANCIAL POSITION

	Note	2021 KShs
CAPITAL EMPLOYED		
Donated Assets/Members' equity		393,712
Retained earnings		(99,077)
Equity and Accumulated Funds		<u><u>294,635</u></u>
REPRESENTED BY		
Non-current assets		
Property, plant and equipment	11	385,951
		<u>385,951</u>
Current assets		
Prepayments and other receivables	6	9,937,683
Cash at bank and in hand	5	180,564,238
		<u>190,501,922</u>
Current liabilities		
Deferred Income and other payables	7	190,590,185
Net current assets/(liabilities)		<u>(91,316)</u>
		<u><u>294,635</u></u>

The financial statements on pages 6 to 13 were approved for issue by the board of directors on ... 17/05/2022 ... and were signed on its behalf by:

Director: Pyag

Director: Wanjau

CHANGE IN ACCUMULATED FUNDS

	Note	Members equity KShs	Retained earnings KShs	Total KShs
Donated Assets	8	393,712	-	393,712
Project Income/(loss) for the year		-	(99,077)	(99,077)
At 31 December 2021		<u>393,712</u>	<u>(99,077)</u>	<u>294,635</u>

STATEMENT OF CASH FLOWS

	Note	2021 KShs
Cash flows from operating activities		
Project income before income tax		(99,077)
Adjustments for:		
Depreciation on property, plant and equipment	13	113,434
Operating profit before working capital changes		<u>14,358</u>
Decrease / (increase) in:		
Prepayments and other receivables	6	(9,937,683)
Increase / (decrease) in:		
Deferred Income and other payables	7	190,590,185
Net cash generated from operating activities		<u><u>180,666,860</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	13	187,146
Net cash (used in) investing activities		<u><u>187,146</u></u>
Cash flows from financing activities		
Donated Assets/Donated assets		393,712
Revenue reserves		-
Net cash generated from financing activities		<u><u>393,712</u></u>
Net (decrease) in cash and cash equivalents		<u>180,564,238</u>
Cash and cash equivalents at 31 December 2021	5	<u><u><u>180,564,238</u></u></u>

1. Accounting policies

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

a) Basis of preparation

The financial statements have been prepared using accrual basis of accounting. At the end of the year, accruals are made for unpaid amounts and amounts owed by third parties.

b) Property, plant and equipment

Assets bought using project funds are expensed in the profit and loss account whereas donated assets are capitalised.

c) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognised on a net basis in the profit and loss account in the year in which they arise.

d) Retirement benefit obligations

The company and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

e) Employee entitlements

Employee entitlements to retirement benefit are recognised as a liability. GRIC offers a one month's salary for every year worked and this is accrued monthly and prorated accordingly. Leave costs were not accrued for the six months since it is assumed they will be taken up before the year ends.

f) Income recognition

Grant income is recognised when earned. Grants received for specific purposes are treated as unexpended grants payable and credited to the statement of income and expenditure when the activities for which they were provided for have been undertaken.

Unutilised funds are carried forward as unexpended grants (deferred income).

Receivables not collectable are written off against the related provisions. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of

The income reported in these financial statements relate to the balances brought forward from deferred income that was not fully expended on project implementation in the previous years.

g) 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. We note that the assets and liabilities of this company have been transferred to Grassroot nest for innovations and Change, a company limited by guarantee, which the directors agreed as the best vehicle to impelment this, and other projects.

h) Comparatives

There are no comparative figures since this is the first year of operations.

NOTES TO THE FINANCIAL STATEMENT

2 Grants Income	2021 INCOME KShs
Wellspring Phillantropic Fund-matched with expenses for 2021	53,334,659
Anonymous donor -matched with expenses for 2021	1,983,295
Dignitas-KKL	150,000
Grants Income	55,467,954
Other income:	
Bank Interest Income	14,357
	<u><u>55,482,310</u></u>

3 Project costs	EXPENDITURE BREAKDOWN BY PROJECT			TOTAL
	CBE Project- Wellspring Philantropic Fund	Tusome project - BTF	Keep Kenya Learning-KKL -Dignitas	2021 KShs
Salaries and wages	20,255,000			20,255,000
Staff Benefits & Costs	3,111,433			3,111,433
Consultancy fees	2,845,722	49,000		2,894,722
Audit Fees	313,200			313,200
Workshop and training costs	2,288,032	237,138		2,525,171
Vehicle hire costs	578,896			578,896
Airfare	60,862			60,862
Staff per diem and accomodation	329,727			329,727
Intern allowances	804,133			804,133
Learning materials and books		1,335,693		1,335,693
Printing & Stationery	136,874			136,874
Communication costs	422,868			422,868
Postage/Courier costs	9,450			9,450
Office rent & utilities	1,370,239			1,370,239
Office Repairs and maintenance	111,269			111,269
Equipment costs, repairs and mainte	315,740			315,740
Software purchase and maintenance	217,566			217,566
Recruitment expenses	10,000			10,000
Baseline survey & Parental research	444,765		128,750	573,515
Scholarship Support		190,600		190,600
Marketing and Advertising	10,000			10,000
Sub grants to partners	16,196,715			16,196,715
Bank charges	75,375			75,375
Project overhead costs	3,424,639	170,864	21,250	3,616,753
Tax	2,154			2,154
	<u>53,334,659</u>	<u>1,983,295</u>	<u>150,000</u>	<u>55,467,953</u>

4 Other costs	2021 KShs
Depreciation	113,434.2
	<u>113,434.2</u>
Total cost for the year	<u><u>55,581,387</u></u>

NOTES TO THE FINANCIAL STATEMENT

5 Cash and Bank Balances

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

	2021
	KShs
StanBic -KES	5,504,583
StanBic-USD	171,092,648
NCBA-KES	48,685
NCBA-(USD)	3,916,745
Petty Cash Fund	1,577
	<u>180,564,238</u>

6 Prepayments and other receivables

	2021
	KShs
Prepayments	309,000
Other receivable: staff advances	6,076
Partner Sub grants Advances	9,622,607
	<u>9,937,683</u>

7(a) Deferred Income and other payables

	2021
	KShs
Sub grants/Partners and Accounts payable	11,166,425
Transfer from GRIC by Shares-Inter company	14,472,841
Other payables-Staff advances payable	8,873
Provisions	158,754
Deferred income	164,783,293
	<u>190,590,185</u>

7(b) Equity transferred from GRIC

Deferred Income relates to pre-received and unexpended grant amounts as at year end.

9 Taxation

No provisions relating to income tax have been made in these financial statements in view of the nature of the Organisation's activities.

10 Currency

The financial statements are presented in the local currency (Kenya Shillings).

NOTES TO THE FINANCIAL STATEMENT

11 Property, plant and equipment

	Furniture & fittings Shs <u>20%</u>	Office equipment Shs <u>20%</u>	Totals Shs
Depreciation Rate			
Cost / Revaluation			
Transferred from GRIC company	380,025	-	380,025
Additions		187,146	187,146
Disposals	-	-	-
Closing carrying value	<u>380,025</u>	<u>187,146</u>	<u>567,171</u>
Depreciation			
B/F-Transferred from GRIC	47,367	20,419	67,786
Charge for the year	76,005	37,429	113,434
Accumulated depreciation	<u>123,372</u>	<u>57,848</u>	<u>181,220</u>
NBV as at 31 December 2021	<u><u>256,653</u></u>	<u><u>129,298</u></u>	<u><u>385,951</u></u>

Grassroots Innovations for Change Limited
 Tax Computation
 For the 16 months to 31st December 2021

	2021	
	KShs	
Surplus as per the accounts	(99,077)	
<u>Add: Disallowable expenses relating to grants</u>		
Depreciation	113,434	
	<u>14,358</u>	
<u>Deduct:</u>		
Grant Income	(55,467,954)	
Wear and Tear	(113,434)	
Unrealised forex gain	-	
Interest income	(14,357)	
Adjusted taxable profit/(loss) for the year	<u>(55,581,387)</u>	
Adjusted tax loss brought forward	<u>-</u>	
Taxable profit/ (loss) for the year	<u>(55,581,387)</u>	
Tax Summary	Business	Interest
Taxable Income	(55,581,387)	14,357
Tax payable @ 15%	-	2,154
Less withholding tax	-	-
Tax payable/(refundable)	<u>-</u>	<u>2,154</u>