



AVPA ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Corporate Information

Country of incorporation and domicile Kenya

Board Members

Directors

Olayemi Michael Cardoso (Chairman)
Adedotun Sulaiman
Lee Gituto Karuri
Danaventhana Sockalingam Pillai
Paul Louis Carttar
Julio Garrido-Mirapeix

Members

Alejandro Alvarez von Gustedt
Paul Louis Carttar
Douglas Leon Miller

Banker

Standard Chartered Bank(K) Limited
Yaya Centre Branch
P.O. Box 40984-00100
Nairobi, Kenya

Registered office

Apollo Centre LR No. 1870/1/569
Ring Road, Parklands
P.O. Box 764-00600
Sarit Centre
Nairobi, Kenya

Independent Auditor

Ronalds LLP
3rd Floor, Rhapta Heights, Rhapta Road
P.O. Box 41331-00101
Nairobi, Kenya

Secretary

Adili Corporate Services Kenya
ALN House, Eldama Ravine Close, Westlands
P.O. Box 794-00606, Sarit Centre
Nairobi, Kenya

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Index

The report and statements set out below comprise the annual report and financial statements presented to the members:

	Page
Directors' Report	3
Statement of Directors' Responsibilities on the Financial Statements	4
Independent Auditors' report	5 - 7
Statement of Financial Activities	8
Statement of Financial Position	9
Statement of Changes in Fund Balances	10
Statement of Cash Flows	11
Accounting Policies	12 - 13
Notes to the Annual Report And Financial Statements	14 - 16

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Directors' Report

The Directors have submitted their report and the audited financial statements for the year ended December 31, 2020, which disclose the state of the financial affairs of the company.

1. Incorporation

The Company was incorporated in Kenya on 8th November 2018 under the Kenyan Companies Act, 2015 and is domiciled in Kenya as a company limited by guarantee.

2. Principal activities

Main business and operations

AVPA is a Pan-African network for social investors who are interested in collaborating to increase the flow of capital into social investments across Africa and ensure that capital (financial, human and/or intellectual) is deployed as effectively and innovatively as possible for maximum social impact.

The operating results and state of affairs of the company are fully set out in the attached annual report and financial statements and do not in our opinion require any further comment.

The results for the year ended 31 December 2020 are set out in the statement of financial activities

3. Board of Directors

The Directors who held office during the year are as listed on page 1.

1. Mission

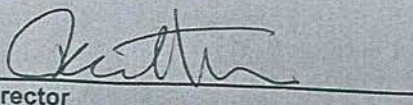
Increase the flow of capital into African social investments and ensure its effective deployment for maximum impact.

2. Vision

African continent where collaborative and effective social investment results in exponential social impact and achievement of the SDGs.

3. Independent Auditor

The Company's auditor Messrs Ronalds LLP, Certified Public Accountants (K) have indicated their willingness to continue in office in accordance with Section 719(2) of the Kenyan Companies Act, 2015.



Director

Statement of Directors' Responsibilities on the Financial Statements

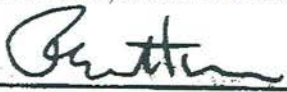
The Directors are required by the Kenyan Companies Act 2015 to maintain adequate accounting records and are responsible for the content and integrity of the annual report and financial statements and related financial information included in this report. It is their responsibility to ensure that the annual report and financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the year then ended, in conformity with applicable International Financial Reporting Standards and Generally Accepted Accounting Principles (GAAPs). They are also responsible for safeguarding the assets of the company. The external auditors are engaged to express an independent opinion on the annual report and financial statements.


The annual report and financial statements are prepared in accordance with applicable International Financial Reporting Standards and Generally Accepted Accounting Principles (GAAPs) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, appropriate standards for internal control aimed at reducing the risk of error or loss in a cost effective manner have been set. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the annual report and financial statements. They are, also, of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results as at December 31, 2020. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The external auditors are responsible for independently reviewing and reporting on the company's annual report and financial statements. The annual report and financial statements have been examined by the Company's external auditors and their report is presented on pages 5 to 7.

Nothing has come to the attention of the board of 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. The annual report and financial statements set out on pages 8 to 16, were approved by the board of Directors on October 5, 2021 and were signed on its behalf by:


Director Oct. 5, 2021
PAUL L. CARITAR


Director
October 4, 2021
FLORENCA A. DENGO

Report of the Independent Auditor to the Members of African Venture Philanthropy Alliance Limited for the year ended 31 December 2020**Opinion**

We have audited the financial statements of African Venture Philanthropy Alliance Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 16.

In our opinion, the financial statements give a true and fair view of the state of the Company's financial affairs as at 31 December 2020, the results of its operations and cash flows for the year then ended in accordance with applicable International Financial Reporting Standards, Generally Accepted Accounting Principles (GAAPs) and the requirements of the Kenyan Companies Act, 2015.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. 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 African Venture Philanthropy Alliance Limited in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Kenya.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgments, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters for current year of audit.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with applicable International Financial Reporting Standards, Generally Accepted Accounting Principles (GAAPs) and the requirements of the Kenyan Companies Act, 2015. 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.



Report (Cont'd)

Directors' Responsibility for the Financial Statements - (Cont'd)

In preparing the financial statements, the directors are responsible for assessing the Company'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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director.
- Conclude on the appropriateness of the Director'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 Company'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 Company to cease to continue as a going concern.

Report - (Cont'd)

Auditor's Responsibility - (Cont'd)

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

Report on Other Legal and Regulatory Requirements

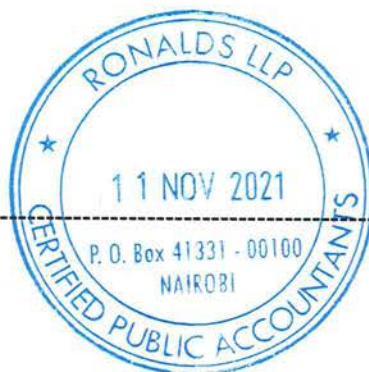
As required by the Kenyan Companies Act 2015, we report that the financial statements are in agreement with the books of account kept by the Company and that, based on our audit:

- a) 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.
- b) In our opinion proper books of accounts have been kept by the Company, so far as appears from our examination of those books.
- c) The Company's statement of financial position is in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Ronald N. Bwosi - P/No. 1865.

Ronald N. Bwosi

Certified Public Accountant (Kenya)



Ronald N. Bwosi

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Statement of Financial Activities

Figures in Kenyan Shillings

	Notes	2020	2019
Grants received	2	30,281,457	54,224,553
Programme expenses	3	(36,086,157)	(18,000,061)
		<u>(5,804,700)</u>	<u>36,224,492</u>
Other income	4	2,186,797	5,432
Administrative expenses	5	(5,388,563)	(2,982,923)
		<u>(9,006,466)</u>	<u>33,247,001</u>
Operating (deficit)/surplus		(9,006,466)	33,247,001
(Deficit)/surplus transfer to designated fund		<u>(9,006,466)</u>	<u>33,247,001</u>





Statement of Financial Position

Figures in Kenyan Shillings

	Notes	2020	2019
Non-Current Assets			
Property and equipment	6	51,826	53,830
Current Assets			
Accounts and other receivables	7	4,376,113	1,278,298
Cash and cash equivalents	8	22,170,550	32,889,749
		<u>26,546,672</u>	<u>34,168,047</u>
Total Assets		<u>26,600,498</u>	<u>34,221,877</u>
Fund Balance			
Fund Balance (Statement of Changes in fund balance)		<u>24,880,984</u>	<u>33,887,450</u>
Current Liabilities			
Accounts and other payables	9	1,717,514	334,427
Total Fund balance and Liabilities		<u>26,600,498</u>	<u>34,221,877</u>

The annual report, financial statements and the notes on pages 3 to 16, were approved by the on the October 5, 2021 and were signed on its behalf by:


 Director
 Oct. 5, 2021
 PAUL L. CATTAR


 Director
 October 4, 2021
 Florence A. Dengo

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Statement of Changes in Fund Balances

Figures in Kenyan Shillings	Designated Fund	Total Fund Balance
Balance at January 1, 2019	640,449	640,449
Fund Balance		
Surplus for the year	33,247,001	33,247,001
	<u>33,247,001</u>	<u>33,247,001</u>
Balance at December 31, 2019	33,887,450	33,887,450
Balance at January 1, 2020	33,887,450	33,887,450
Fund Balance		
(Deficit) for the year	(9,006,466)	(9,006,466)
	<u>(9,006,466)</u>	<u>(9,006,466)</u>
Balance at December 31, 2020	24,880,984	24,880,984

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Statement of Cash Flows

Figures in Kenyan Shillings

	Notes	2020	2019
Cash flows from operating activities			
Cash (used in)/generated from operations	10	<u>(10,703,024)</u>	<u>32,966,649</u>
Cash flows from investing activities			
Purchase of property and equipment	6	<u>(16,166)</u>	<u>(76,900)</u>
Cash flows from financing activities			
Total cash movement for the year		(10,719,190)	32,889,749
Cash at the beginning of the year		<u>32,889,749</u>	<u>-</u>
Total cash at end of the year	8	<u>22,170,559</u>	<u>32,889,749</u>

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Accounting Policies

1. Presentation of Annual Report And Financial Statements

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

These accounting policies are consistent with the previous period.

1.1 Basis of preparation

The annual report and financial statements have been prepared in accordance with applicable International Financial Reporting Standards, the Kenyan Companies Act, 2015 and Generally Accepted Accounting Principles (GAAPs). The annual report and financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Kenya Shillings.

1.2 Property and equipment

The cost of an item of property and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is unrecognised.

Property and equipment are depreciated on the reducing balance method over their expected useful lives.

The depreciation chart of items of property and equipment have been assessed as follows:

Asset class	Rate per annum(%)
Furniture and fittings	12.5%
Computers	30%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Accounts and Other receivables

Accounts and other receivables

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Accounting Policies

1.3 Financial instruments (continued)

Accounts and other receivables are carried at anticipated realisable value. An estimate is made for the doubtful receivables on a review of all outstanding amounts at the period-end. Bad debts are written off in the period in which they are identified.

Account and other payables

Accounts payable are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Taxation

Taxation

The company derives most of its income mainly from grants and donations which are not defined as taxable income under the Income Tax Act. The management is yet to obtain a Tax Exemption Certificate.

1.5 Share capital and equity

The company is a private company limited by guarantee and has no share capital.

1.6 Grants

Income is recognized on the basis of amounts received through Grants. Other income is recognised when received

1.7 Financial and Business Risk Management

The company risk limits are regularly assessed to ensure alignment with the company's objectives and prevalent market conditions. The directors are closely involved in ensuring that a variety of techniques are used to assess and manage said risks.

Currency amount the exchange rate between the Kenya shilling and the foreign currency at the date of the cash flow

- **Currency risk:-**

The company is exposed to risk through transactions in foreign currencies. The company's exposures give rise to foreign currency gains and losses that are recognized in the Statement of profit or loss. The company ensures that its net exposure is kept to an acceptable level by careful monitoring of exchange rates and currency hedging.

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings

2020

2019

2. Income

Grants received	30,281,457	54,224,553
-----------------	------------	------------

3. Programme Expenses

Consultancy fees	22,499,596	15,899,700
Landscape study	11,978,855	-
Events and conference expenses	661,173	1,909,861
Design and publication	105,000	143,500
Marketing collateral	243,000	47,000
Donor refunds	598,533	-
	36,086,157	18,000,061

4. Other income

Unrealized exchange gain	1,689,558	-
Billable expenses	490,766	-
Interest income	6,473	5,432
	2,186,797	5,432

5. Administrative expenses

Bank charges	36,766	33,985
Conveyance expense	9,350	70,550
Audit fees	150,800	208,800
CRM software	466,560	-
Internet expense	35,000	63,743
Office expenses	47,640	117,244
Professional fees	2,318,965	-
Penalties	200,330	-
Membership and subscription	17,842	-
Board expenses	-	371,715
IT support and website development	680,239	597,521
Postage and courier services	4,500	7,100
Printing and stationery	23,120	213,589
Office rent	1,034,551	-
Repairs and maintenance	3,000	-
Telephone expenses	5,000	45,050
Travelling expenses	336,730	1,230,556
Depreciation charge	18,170	23,070
	5,388,563	2,982,923

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings

2020

2019

6. Property and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fittings	16,166	(2,021)	14,145	-	-	-
Computer equipment	76,900	(39,219)	37,681	76,900	(23,070)	53,830
Total	93,066	(41,240)	51,826	76,900	(23,070)	53,830

Reconciliation of property and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	-	16,166	(2,021)	14,145
Computer equipments	53,830	-	(16,149)	37,681
	53,830	16,166	(18,170)	51,826

Reconciliation of property and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Computer equipment	-	76,900	(23,070)	53,830

7. Accounts and other receivables

Accounts receivables	4,295,270	1,278,298
Other receivables	80,843	-
	4,376,113	1,278,298

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	22,170,559	32,889,749
--------------	------------	------------

9. Accounts and other payables

Accounts payables	1,357,914	125,498
Other payables	359,600	208,929
	1,717,514	334,427

The African Venture Philanthropy Alliance Limited

Annual Report And Financial Statements for the year ended December 31, 2020

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings

2020 2019

10. Cash used in operations

Loss before taxation	(9,006,466)	33,247,001
Adjustments for:		
Depreciation and amortisation	18,170	23,070
Changes in working capital:		
Accounts and other receivables	(3,097,815)	(404,519)
Accounts and other payables	1,383,087	101,097
	<u>(10,703,024)</u>	<u>32,966,649</u>

11. Comparative figures

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

12. Events after the reporting period

In the opinion of the Directors, there are no material events after the statement of financial position date which require disclosure.

