



# FINANCIAL REPORT 2016

GIVE THE CHILDREN OF MPONGWE A FUTURE (GCMF)

PLOT 5,6,13 MACHIYA ROAD – PO BOX 14 – MPONGWE – ZAMBIA

RNGO 101/0395/14

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## STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Board is required by societies act to prepare financial statement for each financial year, which gives a true and fair view of the financial position of GCMF and of its financial performance. In preparing such financial statements, the Board is responsible for

- Designing, Implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statement that are free of material misstatement;
- Selecting appropriate accounting policies and applying them consistently;
- Making judgments and accounting estimates that are reasonable in the circumstances and
- Preparing the financial statements in accordance with the applicable financial reporting frame work and on the going concern basis unless it is inappropriate to presume that organization will continue in operations.

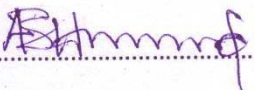
The Board is responsible for keeping of proper accounting records which disclose, with reasonable accuracy at any time, the financial position of GCMF and enable them to ensure that the financial statements comply with the societies Act (as amended). They are also responsible for safeguarding the assets of the Organization and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Board does confirm that in their opinion:

- a. The statement of comprehensive Income is drawn up so as to give a true and fair view of the financial performance of GCMF for the year ended 31<sup>st</sup> December 2016
- b. The statement of financial position is drawn up so as to give a true and fair view of state of affairs of GCMF as at 31<sup>st</sup> December 2016.
- c. As at the date of this statement, there are reasonable grounds to believe that GCMF will be able to pay its debts if any, as and when these fall due.

This statement is made in accordance with the guidelines of GCMF.

Signed by:

  
.....Chairman

  
.....Board Member

## **THE BOARD MEMBERS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

As Described on Page 2, the Board is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Zambia. This responsibility include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that is free from material misstatement; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Emphasis of Matter**

Give the Children of Mpongwe a future mostly meets its day to day working capital requirements support through grants from GKMT and donors, income generating activities (i.e. Vehicles and Poultry). The continued existence of GCMF is dependent upon this support.

In view of the significance of the fact that the preparation of the financial statements on a going concern basis assumes that the donor support and income generating activities will continue, we consider that these disclosures should be brought to your attention.

**STATEMENT OF COMPREHENSIVE INCOME**

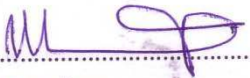
For the year ended 31 <sup>st</sup> December 2016	<b>2016 ZMK</b>	<b>2015 ZMK</b>
Program Income( Donations & Other Income)	382,289.55	1,083,462.08
Program Expenditure	<u>612,105.56</u>	<u>1,060,636.93</u>
<b>( Deficit)/Surplus of program income over Expenditure during the year</b>	<b><u>(229,816.01)</u></b>	<b><u>22,825.15</u></b>
<b>(Deficit)/ Surplus for the year before depreciation during the year</b>	(229,816.01)	22,825.15
Income Generated activities (Poultry and Vehicles)	138,726.89	81,741.25
Depreciation	(44,217.00 )	–
<b>(Deficit) /Surplus for the Year</b>	<b><u>(135,306.12)</u></b>	<b><u>104,566.40</u></b>

**STATEMENT OF FINANCIAL POSITION**For the year ended 31<sup>st</sup> December 2016

	Notes	2016 ZMK	2015 ZMK
<b>Non - Current Assets</b>			
Property, Plant and Equipment	3	<u>136,118.00</u>	<u>164,825.00</u>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	19,154.90	109,056.94
Receivables	5	<u>22,736.00</u>	<u>29,775.75</u>
		<u>41,890.90</u>	<u>138,832.69</u>
Total Assets		<u><b>178,008.90</b></u>	<u><b>303,657.69</b></u>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Payables	6	<u>9,657.83</u>	<u>-</u>
<b>Equity</b>			
Accumulated Funds	7	168,351.07	102,896.40
Capital Reserves		<u>-</u>	<u>200,761.29</u>
<b>Total Equity</b>		<u><b>168,351.07</b></u>	<u><b>303,657.69</b></u>
<b>Total Liabilities and Equity</b>		<u><b>178,008.90</b></u>	<u><b>303,657.69</b></u>
For the year ended 31 <sup>st</sup> December 2016		<b>2016</b>	<b>2015</b>

The Financial Statements have been approved by the Board members on **19<sup>th</sup> June 2017** and signed on their behalf by:

  
 .....  
 Chairman

  
 .....  
 Board Member

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2016

### 1. General

During the year under review, Give the Children of Mpongwe a Future made a deficit of ZMK (135,306.12).

The deficit was due to excess expenditure inclusive of depreciation against total income received by both donors and income generating activities. The excess expenditure less depreciation was financed by 2015 cash and bank opening balances.

The Board members:

1. Mr. Antony James Kalima – Chairperson
2. Ms. Fridah Musukuma – Vice chairperson
3. Mr. Patrice Mutekela – Secretary
4. Mr. Stephen Kangwa – Treasurer
5. Mr. Vackson Mwenda – Board Member
6. Ms. Rosemary Bweendo Munkombwe – Board Member
7. Mrs. Elizabeth Kaluluka Namakau – Board Member
8. Mr. Justine Ngoma – Board Member
9. Mr. Joseph Jere – Board Member
10. Mr. Patrick Chanda Mushipi – Board Member
11. Mr. Victor Kwalomboto Mwiya – Board Member
12. Mr. Clifford Bwalya Kasapo – Board Member
13. Mr. Robiness Mali – Board Member
14. Mr. Scotch Mvula – Board Member
15. Mr. Dryson Daka – Board Member

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2016

### 2. Summary of Significant accounting Policies

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the International Financial Reporting Standards. The accounting policies have been consistently applied by GCMF and are consistent with those of the previous year.

#### Going Concern

The financial statements are prepared on the assumption that GCMF is a going Concern and will continue in operation for the foreseeable future. The organization (GCMF) meets its day to day working capital requirements through its support from GMKT, donors and income generating activities (i.e. Poultry, Vehicles and Contributions from well wishers)

On the basis of cash flow information prepared by the Board and after consultation with the donors (GMKT), the Board considers that GCMF will continue to operate for the foreseeable future within the available financial resources. Accordingly, the Board is of the opinion that the preparation of these financial statements on the going concern basis is appropriate.

#### Adoption of New and Revised standards

GCMF has adopted all the new and revised FRSs and Interpretation of financial reporting standards that are relevant to its operations and effective for periods beginning on or after January 1, 2016. The adoption of these New/revised Standards does not result in changes to GCMF accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorization of these financial statements, there were no Financial Reporting Standards and amendments to FRS that are relevant to GCMF that were issued but not effective

#### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

#### Debtors and receivables

Trade receivables, Staff loans and other receivables that have fixed and determinable payments that are not quoted in an active market are classified as “loans and receivables” Loans and receivables are measured at amortized cost using interest method less impairment.



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> December 2016

**Grants from Donors**

Grants/Donor Funds are not recognized until there is reasonable assurance that GCMF will comply with the conditions attaching to them and the grants will be received.

Other grants are recognized as income over the period necessary to match them with the costs for which they are intended to be used or budgeted for.

**Cash and equivalents**

Cash and cash equivalents comprise of cash on hand and in the bank, coming from all the projects outlined.

**3. Property, Plant and equipment**

Land and buildings for VTC college under construction are not stated in the statement of financial position as at the time the statements were prepared their fair value were not Calculated.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged over their estimated useful life, using the straight line method on the following basis:

Motor vehicles	25%
Furniture and equipment	20%
Other fixed Assets	20%

**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31<sup>st</sup> December 2016

Summary	Motor Vehicles ZMK	Furniture and Equipment	Other Fixed Assets ZMK	Total ZMK
<b>AT COST</b>				
At beginning of year	163,000.00	-	1,825.00	164,825.00
Additions	-	-	15,510.00	15,510.00
<b>At End of year</b>	<b>163,000.00</b>	<b>-</b>	<b>17,335.00</b>	<b>180,335.00</b>
<b>DEPRECIATION</b>				
At beginning of year	-	-	-	-
Charge for the year	40,750.00	-	3,467.00	44,217.00
<b>At End of year</b>	<b>40,750.00</b>	<b>-</b>	<b>3,467.00</b>	<b>44,217.00</b>
<b>NET BOOK VALUE</b>				
31 <sup>st</sup> December 2016	<b>122,250.00</b>	<b>-</b>	<b>13,868.00</b>	<b>136,118.00</b>
31 <sup>st</sup> December 2015	<b>163,000.00</b>	<b>-</b>	<b>1,825.00</b>	<b>164,825.00</b>
<b>4. Cash and bank</b>				
		<b>2016 ZMK</b>	<b>2015 ZMK</b>	
<b>Main account</b>		1,959.88	7,598.70	
<b>VTC</b>		11,809.97	56,345.66	
<b>IBALA</b>		219.05	1,196.38	
<b>OVC</b>		5,166.00	15,570.87	
<b>MAN</b>		-	28,345.33	
		<b>19,154.90</b>	<b>109,056.94</b>	

**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31<sup>st</sup> December 2016

	<b>2016</b>	<b>2015</b>
	<b>ZMK</b>	<b>ZMK</b>
<b>5. Receivables</b>		
VTC	3,800.00	1,300.00
VTCE	-	-
MAN	-	9,010.75
IBALA	3,990.00	-
OVC	-	-
TRUCK /CAR	<u>14,946.00</u>	<u>19,465.00</u>
	<b><u>22,736.00</u></b>	<b><u>29,775.75</u></b>
<b>6. Payables</b>		
VTC owing to Guest House	<u>9,657.83</u>	<u>-</u>
	<b><u>9,657.83</u></b>	<b><u>-</u></b>
<b>7. Accumulated Funds</b>		
At beginning of year	303,657.69	200,761.29
(Deficit ) / Surplus for the year	<u>(135,306.62)</u>	<u>102,896.40</u>
At end of year	<b><u>168,351.07</u></b>	<b><u>303,657.69</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2016

### **Treasury and Risk management**

The main risks arising from financial instruments are interest risk and market risk.

#### **Interest rate risk**

GCMF is not exposed to interest rate risk that usually comes from the balance of the bank account as a result of a loan or bank overdraft.

#### **Market Risk**

The principle amount of all financial assets and financial liabilities are fixed and not subject to market related value adjustment.

#### **Foreign currency transaction and translation**

The individual financial statements of the GCMF are measured and presented in Zambian kwacha.

### **Employee Benefits**

#### **Defined Contribution Schemes**

A defined contribution scheme is a pension plan under which GCMF pays fixed contribution into a separate entity (fund) which will have no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior years. GCMF contribution to the defined schemes is charged to the statements of comprehensive income in the year to which they relate. GCMF has no further obligation once the contributions have been paid.

- A) National Pension Scheme Authority

GCMF makes contributions to the state defined contribution pension scheme, National Pension Scheme Authority, "NAPSA", where both GCMF and the employee contribute 5% gross earnings.

**DETAILED OPERATING STATEMENT**For the year ended 31<sup>st</sup> December 2016

	<b>Totals 2016 ZMK</b>	<b>Totals 2016 ZMK</b>
<b>INCOME</b>		
Tuition Fees	2,640.00	3,200.00
Ibala Poultry Income	50,063.00	21,556.00
Donations GKMT/Wilde Ganzen	375,869.78	1,004,316.81
Guest House Dividend	29,505.47	-
Truck /Car Revenues	59,158.42	60,515.25
Other Revenues	<u>3,779.77</u>	<u>75,945.27</u>
<b>TOTAL INCOME</b>	<b><u>521,016.44</u></b>	<b><u>1,165,533.33</u></b>
<b>EXPENDITURE</b>		
Poultry Costs	38,411.00	62,400.00
Farming Costs	20,345.00	18,382.00
Labour Costs	181,653.00	305,813.50
Material Costs	115,961.10	270,433.50
Transport and Lunch allowance	40,996.00	49,635.00
Motor Vehicle Expenses	30,224.80	43,373.20
Fuel and Lubs	67,668.35	90,008.11
License and Insurance	24,325.00	9,226.32
Committee Overheads	11,851.00	14,527.50
OVC Truck/Car Rental Cost	3,114.50	1,686.00
School Fees and Education materials	45,339.00	81,234.00
Administration Cost	32,216.81	115,917.80
Depreciation	44,217.00	-
<b>TOTAL EXPENDITURE</b>	<b><u>656,322.56</u></b>	<b><u>1,062,636.93</u></b>
<b>(Deficit) /Surplus of Income over Expenditure</b>	<b><u>(135,306.12)</u></b>	<b><u>102,896.40</u></b>

## DETAILED OPERATING STATEMENT PER PROJECT

## DETAILED OPERATING STATEMENT PER PROJECT

For the year ended 31<sup>st</sup> December 2016

	Totals	VTC	VTCE	IBALA	OVC	MAN	TRUCK	CAR	YPO
	2016	2016	2016	2016	2016	2016	2016	2016	2016
	ZMK	ZMK	ZMK	ZMK	ZMK	ZMK	ZMK	ZMK	ZMK
<b>INCOME</b>									
Tuition Fees	2,640.00	-	1,740.00	900.00	-	-	-	-	-
Ibala Poultry Income	50,063.00	-	-	50,063.00	-	-	-	-	-
Project VTC Donations	375,869.78	270,466.84	-	56,539.86	-	48,863.08	-	-	-
Guest House Dividend	29,505.47	-	-	-	29,505.47	-	-	-	-
Truck /Car Revenues	59,158.42	-	-	-	-	-	28,669.50	30,488.92	-
Other Revenues	3,779.77	917.16	-	169.55	2,035.21	657.85	-	-	-
<b>TOTAL INCOME</b>	<b>521,016.44</b>	<b>271,384.00</b>	<b>1,740.00</b>	<b>107,672.41</b>	<b>31,540.68</b>	<b>49,520.93</b>	<b>28,669.50</b>	<b>30,488.92</b>	<b>-</b>
<b>EXPENDITURE</b>									
Poultry Costs	38,411.00	-	-	38,411.00	-	-	-	-	-
Farming Costs	20,345.00	20,345.00	-	-	-	-	-	-	-
Labour Costs	181,653.00	79,853.00	4,710.00	70,000.00	1,700.00	24,640.00	-	750.00	-
Material Costs	115,961.10	111,053.10	-	4,908.00	-	-	-	-	-
Transport and Lunch allowance	40,996.00	13,642.00	60.00	16,911.00	3,030.00	7,265.00	15.00	-	73.00
Motor Vehicle Expenses	30,224.80	843.00	-	-	-	-	11,430.80	17,951.00	-
Fuel and Lubs	67,668.35	5,097.00	-	-	-	-	24,031.80	38,539.55	-
License and Insurance	24,325.00	17,325.00	-	7,000.00	-	-	-	-	-
Committee Overheads/Talk time	11,851.00	-	100.00	673.00	150.00	10,928.00	-	-	-
Truck/Car Rental Cost	3,114.50	-	-	-	3,114.50	-	-	-	-
School Fees and Education Items	45,339.00	-	3,264.00	-	42,075.00	-	-	-	-
Administration Cost	32,216.81	7,061.10	32.00	5,755.50	1,637.60	17,710.61	-	20.00	-
Depreciation	44,217.00	3,467.00	-	-	-	-	27,750.00	13,000.00	-
<b>TOTAL EXPENDITURE</b>	<b>656,322.56</b>	<b>258,686.20</b>	<b>8,166.00</b>	<b>143,658.50</b>	<b>51,707.10</b>	<b>60,543.61</b>	<b>63,227.60</b>	<b>70,260.55</b>	<b>73.00</b>
<b>NET PROFIT / (LOSS)</b>	<b>- 135,306.12</b>	<b>12,697.80</b>	<b>- 6,426.00</b>	<b>- 35,986.09</b>	<b>- 20,166.42</b>	<b>- 11,022.68</b>	<b>- 34,558.10</b>	<b>- 39,771.63</b>	<b>- 73.00</b>