

SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE **1**
Consolidated report and financial statements
For the year ended 31 December 2023

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ORGANISATION INFORMATION

Board of Directors	:	Rachel W. Wanyoike
	:	Kamau Kuria
	:	Susan Waceke
Organization secretaries	:	Kimamo and Associates
	:	P.O Box 4583-00100
	:	Nairobi
Auditors Kenya Office	:	MGK Associates LLP
	:	Certified Public Accountants
	:	Mayfair Business Centre, off Parklands Road
	:	P.O Box 6358-00100
	:	Nairobi
Tanzania Office	:	YM Associates
	:	Certified Public Accountants
	:	Mlimani Tower, 7th Floor,
	:	Plot No. 340, Sam Nujoma Rd
	:	P.O Box 36552
	:	Dar es salaam, Tanzania
Uganda Office	:	KAL Associates
	:	Certified Public Accountants
	:	Plot 61-67JP Plaza, Nkrumah Road,
	:	P.O Box 20084
	:	Kampala, Uganda
Ethiopia Office	:	Siyoum Tamene Chartered Certified Accountants and Authorized Auditors
	:	Chartered Certified Accountant and Authorized Auditor
	:	22 Mazonia, Gollagul Tower 4th Floor office#407
	:	P.O Box 1343
	:	Addis Ababa, Ethiopia

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Report of the directors

The Directors submit their report together with the consolidated financial statements for the year ended 31 December 2023, which disclose the state of affairs of the organization.

Directors

The directors who held office during the year and to the date of this report are listed on page 2.

Principal Activities

The organization is primarily engaged in administration of donor funds for projects on non profit making basis.

Statement as to disclosure to the company's auditor

With respect to each director at the time this report was approved:-

(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and


(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of auditors

MGK Associates LLP have expressed their willingness to continue in office in accordance Section 717 of the Kenya Companies Act of 2015. The directors monitor the effectiveness, objectivity and independence of the auditors. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to statement of income and expenditure in the year.

By order of the board

.....
Secretary

DocuSigned by:

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17-05-2024

Nairobi; _____ 2024

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Statement of directors responsibilities

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

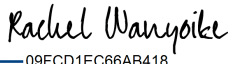
The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

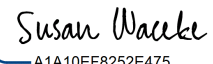
Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

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

Approved by the board of directors on 17-05-2024 and signed on its behalf by:

DocuSigned by:

09FCD1EC66AB418...
Rachel wanyoike

Director

DocuSigned by:

A1A10EF8252E475...
Susan Waceke

Director

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Consolidated Statement of Income and Expenditure

		2023	2022
		Euro	Euro
Grants income	5(a)	11,102,130	8,766,798
Other income	6	117,303	239,279
Total income		<u>11,219,433</u>	<u>9,006,077</u>
EXPENDITURE			
Projects expenses	7(a)	8,493,710	6,549,829
Administration expenses	7(b)	2,804,157	2,378,159
Total expenditure		<u>11,297,867</u>	<u>8,927,988</u>
(Deficit)/ surplus for the year		<u>(78,434)</u>	<u>78,089</u>
Tax charge	8	(16,442)	(9,565)
Net (deficit)/ surplus for the year		<u><u>(94,876)</u></u>	<u><u>68,524</u></u>

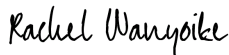
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Consolidated Statement of Financial Position

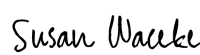
	Notes	2023 Euro	2022 Euro
ASSETS			
Non-current assets			
Property and equipment	9	139,001	44,940
Intangible assets	10	9,834	-
Total non-current assets		<u>148,835</u>	<u>44,940</u>
Current assets			
Other receivables	11	772,803	620,210
Deposits	12	6,691	6,691
Cash and cash equivalents	13	4,636,424	5,972,404
Tax receivable		859	859
Total current assets		<u>5,416,777</u>	<u>6,600,164</u>
Total assets		<u>5,565,612</u>	<u>6,645,104</u>
FUNDS AND LIABILITIES			
Reserve funds			
Office funds	15(a)	998,125	1,117,591
Deferred grants	15(b)	3,992,612	4,835,024
		<u>4,990,737</u>	<u>5,952,615</u>
Current liabilities			
Other payables	14	574,875	692,489
Total funds and liabilities		<u>5,565,612</u>	<u>6,645,104</u>

The financial statements on pages 7 to 18 were approved for issue by the Board of Directors on 17-05-2024 and were signed on its behalf by:

DocuSigned by:

 09FCD1EC66AB418...

Rachel Wanyoike

Director

DocuSigned by:

 A1A10EF8252E475...

Susan Waceke

Director

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Reserve funds

Project Name	Balance on 1 January 2023	Grants received	Other receipts	Disbursements	Deferred
Data collection project – Acorn	(24,131)	467,384	-	(145,911)	297,341
Gold ECA FVO Project_ Realizing the Potential of Responsible ASGM Trade	120,452	53,903	-	(84,097)	90,258
Leather Initiative for Sustainable Employment in Ethiopia(LISEC)	141,968	918,159	-	(938,607)	121,520
Creating Shared Value in Maize Value Chain in Kenya(LDF)	(134,423)	1,016,700	-	(258,893)	623,384
EPRM - Lake Victoria Gold Program	(6,001)	53,034	-	(16,515)	30,517
RS! bundle - ECA (Reclaim Sustainability!)	177,891	2,050,634	-	(1,642,008)	586,517
Traceable Organic Coffee from Kenya	628,810	8,540	-	(472,974)	164,377
Passport to Coffee Export (PACE) Lot 3	1,654,979	933,895	-	(1,876,069)	712,805
Passport to Coffee Export (PACE) Lot 5	(17,125)	897,267	-	(924,592)	(44,449)
Climate smart Dairy, in Oromia, Ethiopia(World Bank)	65,743	-	-	(65,743)	-
REC EAF Catalyst for Business Driven and Climate Smart Dairy Farming	(153,100)	39,038	-	114,061	-
Bottom up Solidaridad Ethiopia	(56,036)	-	-	56,036	-
SDC-Tackling pollution from the cotton farm in water stewardship	70,250	112,810	-	(4,157)	178,904
FOSEK-ECA-Kenya	59,986	-	-	(59,986)	-
AgriCrowd PlusPlus Origination Fund	62,273	-	-	(62,273)	-
Development Initiative for Northern Uganda(DINU)	(59,673)	4,632	-	(4,632)	(59,673)
S4S Scaling Sustainable	174,256	229,714	-	(403,970)	-
PFC Extension - ECA	484,558	-	-	-	484,558
Artisanal and Small-Scale Diamond Mining Feasibility Study	18,331	14,634	-	(4,559)	28,406
Future Proof Coffee Uganda(MVO)	(14,291)	-	-	-	(14,291)
AFR100 Uganda	(35,796)	96,176	-	(16,361)	44,019
AFR100 Kenya	-	41,218	-	-	41,218
Dreamfund ECA Uganda project	1,593,444	516,888	-	(871,539)	1,238,793
Kenya Horticulture for growth (H4G)	(35,168)	392,614	-	(217,287)	140,159
FVO ICAM Cocoa Project	-	3,923	-	(1,116)	2,807
P2P and Acting Now	-	1,920,699	-	(1,409,126)	511,573
Promoting Bananas Enterprise In Tanzania	(2,353)	-	-	-	(2,353)
Promoting Opportunities for Women Empowerment in ASGM (future proof)	26,233	24,743	-	(24,743)	26,233
SADC SIPS - Tanzania Sustainable leather sector	(36,029)	-	-	(80,334)	(116,363)
Dash Project SNV	132,731	-	-	(36,387)	96,344
NOPP	-	-	-	(70,054)	(70,054)
Revaluation reserve*	-	-	539,385	-	539,385
Foundation for ASM Development (FADev)	(2,757)	-	-	-	(2,757)
General funds	1,117,591	-	-	(1,776,033)	(658,442)
Total	5,952,615	9,796,605	539,385	(11,297,868)	4,990,737

* Included under other receipts in revaluation reserve is forex exchange difference resulting from local currency difference amounting to Ksh 539,385 which was due to the volatility of the exchange rates used to book the project expenses during the year and the rate used to book grant income portion at the end of the year.

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Cash flow statement

	Notes	2023 Euro	2022 Euro
Cash flows from operating activities			
Grants received during the year	5(b)	9,796,605	10,354,318
Other receipts		353,104	21,576
Change in deposits and other receivables		(152,593)	108,627
Change in other payables		117,614	(485,856)
Disbursements		(11,297,868)	(7,432,537)
Net cash flow (used in)/ generated from operating activities		<u>(1,183,138)</u>	<u>2,566,127</u>
Cash flow from investing activities:			
Assets additions	9	(140,549)	(20,369)
Intangible assets additions	10	<u>(12,293)</u>	-
Net cash used in investing activities		<u>(152,842)</u>	<u>(20,369)</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(1,335,980)</u>	<u>2,545,758</u>
Movement in cash and cash equivalents			
At the start of the year		5,972,404	3,426,647
Net (decrease)/ increase in cash and cash equivalents		(1,335,980)	2,545,758
Cash and cash equivalents at the end of the year	13	<u><u>4,636,424</u></u>	<u><u>5,972,404</u></u>

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NOTES**1 General Information**

Solidaridad East and Central Africa (the Organisation) is incorporated in Kenya under the Kenyan Companies Act , and is domiciled in Kenya. The address of its registered office and principal place of business and the company principal activities are set out on page 2.

2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. They are presented in Euros. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

a) Revenue recognition*Grants*

Grants income is recognized in the accumulated funds upon receipt. Subsequently, the amounts expended are transferred from the grant fund account to the statement of comprehensive income as grant income.

Interest income

Interest on bank deposit are credited to respective donors grants and are accounted for as an additional grants.

b) Property and equipment

All property and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a reducing balance basis to write down the cost of each asset annually to their residual values over their estimated useful life as follows:-

Computers	30%
Furniture & fittings	12.5%

A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal.

Gains or deficits arising from disposal of property, plant and equipment are computed by reference to the sales proceeds and the net carrying amounts at the date of disposal. The gains or deficits are dealt with through the income statement.

c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and bank balances.

d) Taxation

The organization has made an application for tax exemption to the Kenya Revenue Authority . As at the time of reporting no response has been received. The directors are of the opinion that the application will be granted, therefore, no tax provision has been made in the financial statements.

NOTES (CONTINUED)**2 Basis of preparation and summary of significant accounting policies (continued)****e) Employee entitlements***Pension Obligation*

The organization also contributes to a statutory defined contribution pension scheme, the National Social Security Fund(NSSF).Contributions are determined by local statute and are currently limited to 6% of basic pay per employee per month, with the organization contribution similar amount. The organization's contributions to the above scheme are charged to the income and expenditure account in the year to which they relate.

Other employee benefits

All employees are expected to take their annual leaves as and when it matures during the year up to a period of six months after such a date. The management must approve leave taken after six months have elapsed or otherwise stated.

f) Translation of foreign currencies

Income received in foreign currency is converted at an average rate determined at the beginning of the year, while expenses incurred are translated into Kenya shillings at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and deficits arising from the translation are dealt with in the income statement.

g) Financial instruments

Financial assets and liabilities are recognized on the organization's statement of financial position when the organization has become a party to the contractual provisions of the instruments.

(i)Financial assets

The organization classifies its financial assets into the following categories: financial assets at fair value through Surplus or deficit; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the appropriate classification of its investments at initial recognition.

Financial assets at fair value through Surplus or deficit

This category has two sub-categories: Financial assets held for trading and those designated at fair value through Surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and deficits arising from changes in fair value are recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the organization provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the bank has the positive intent and ability to hold to maturity other than loans and receivables originated by the bank are measured at amortized cost.

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For the year ended 31 December 2023

NOTES (CONTINUED)

2 Basis of preparation and summary of significant accounting policies (continued)**h) Financial instruments (continued)***(ii) Financial liabilities**Grants payable and other payables*

The liabilities for grants payables are carried the committed amount as per contract, which is measured at the fair or contractual value to be paid in respect of goods or services supplied to the organization, whether billed or not.

i) Provisions

Provisions for liabilities are recognized when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

j) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognized but are disclosed unless they are remote.

3 Risk Management objectives and policies**a) Financial risks**

The organization's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The organization does not have any financial assets subject to price risk.

The organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various functions heads.

i) Market risk**- Foreign exchange risk**

The organization is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The risk arises from future transactions, assets and liabilities in the statement of financial position.

The carrying amounts of the company's foreign currency denominated monetary assets at the balance sheet date are as follows:

	2023	2022
	Euro	Euro
Bank balances	4,636,424	5,972,404

NOTES (CONTINUED)**3 Risk Management objectives and policies (continued)****a) Financial risks****i) Market risk (continued)**

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

ii) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

None of the financial assets that are fully performing has been renegotiated in the last year.

The Organization's cash and cash equivalents and short term deposits are placed with reputable financial institutions.

4 Critical Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances:

i) Critical accounting estimates and assumptions

Property and equipment

Critical estimates are made by the management in determining depreciation rates for the property, plant and equipment. The rates are set out in note 2 (b) above.

ii) Critical judgments in applying the entity's accounting policies

In the process of applying the organization's accounting policies, management has made judgments in determining:

- Whether assets are impaired
- The classification of financial assets and leases
- Contingencies and commitments

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NOTES (CONTINUED)	2023	2022
5 Grants	Euro	Euro
(a) Grants income recognized		
Amounts transferred from accumulated grants fund	11,102,130	8,766,798
(b) Amounts received during the year transferred to accumulated grants fund		
	2023	2022
	Euro	Euro
RVO Netherlands	-	74,533
Alliance for water stewardship	112,810	34,221
Assheton carter Limited	36,519	7,382
DANIDA	-	852,840
Coffee Roasters	-	9,904
EA Fruits Farm and Company Limited	-	3,246
European Commission	1,831,162	2,773,632
Louis Dreyfus Foundation	123,273	-
Dash Project SNV	-	209,189
One Tree Planted Inc.	121,033	15,514
Responsible Business Alliance, INC	-	41,173
Stichting MVO Nederland	-	303,854
World Bank Group	-	124,555
Zedra Trust Company (UK) Limited	14,634	28,653
Others	8,619	7,580
People in Need	918,159	-
Rabo Bank Nederland	321,473	30,382
Solidaridad Europe	6,306,118	5,837,661
Wageningseleen	2,807	
Total transferred to accumulated grants fund	9,796,605	10,354,318
6 Other income		
Foreign exchange gain	56,155	199,014
Interest income	61,148	18,299
Sundry income	-	3,277
Insurance claim	-	18,689
	117,303	239,279
7 Expenditure		
(a) Programme expenses		
FVO ICAM Cocoa Project	91,410	-
Coffee Programs	3,514,767	3,457,949
Cotton and Textile	100,529	435,174
Dairy and Leather program	915,890	726,662
S4S Scaling Sustainable	254,965	-
RS! Programme(Advocacy)	1,606,216	-
Gold	107,611	511,070
Pathways to Prosperity and Acting Now	1,343,792	-
Horticulture (Fruits and Vegetables)	476,180	724,338
Knowledge and research	4,632	423,686
Practice for Change (PFC)	7,664	-
Tea Programs	-	270,950
Oil Palm	70,054	-
	8,493,710	6,549,829

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NOTES (CONTINUED)

7 Expenditure	2023	2022
(b) General and administration expenses	Euro	Euro
Audit fees	22,031	6,431
Bank charges	18,394	8,177
Communication and publicity	93,411	4,103
Depreciation	48,946	11,041
Foreign exchange losses	813	3,152
Insurance expense	36,281	25,834
Legal and professional fees	46,927	85,791
Licenses and subscriptions	2,553	27,033
Office expense	20,796	2,452
Other administration expenses	124,303	116,067
Postage, stationery and printing	17,720	6,721
Rent and rates	75,759	102,429
Salaries and wages *	1,903,831	1,740,192
Staff medical	53,933	91,881
Staff training and welfare	114,338	6,333
Telephone and internet	36,030	26,470
Travel and meetings	188,091	114,052
	<u>2,804,157</u>	<u>2,378,159</u>

* Salaries and wages for the year 2022 amount has been restated by € 1,238,139 and the amount has been adjusted to project costs where the amount had been charged in the year 2022 accounts.

8 Tax expense

Current tax	<u>16,442</u>	<u>9,565</u>
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9 Tangible fixed assets

2023	Motor Vehicle	Furniture and fittings	Computers and equipment	Total
Cost	Euro	Euro	Euro	Euro
As at 1 January	-	50,639	91,598	142,237
Additions	<u>90,514</u>	<u>2,820</u>	<u>47,215</u>	<u>140,549</u>
As at 31 December	<u>90,514</u>	<u>53,459</u>	<u>138,813</u>	<u>282,786</u>
Depreciation				
As at 1 January	-	25,693	71,604	97,297
Charge for the year	<u>22,629</u>	<u>4,079</u>	<u>19,780</u>	<u>46,488</u>
As at 31 December	<u>22,629</u>	<u>29,772</u>	<u>91,384</u>	<u>143,785</u>
Net Book Value				
31st December 2023	<u>67,885</u>	<u>23,687</u>	<u>47,429</u>	<u>139,001</u>
31st December 2022	<u>-</u>	<u>24,946</u>	<u>19,993</u>	<u>44,940</u>

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NOTES (CONTINUED)	2023	2022
	Euro	Euro
10 Intangible assets		
Cost		
As at 1 January	-	-
Additions	12,293	-
As at 31 December	<u>12,293</u>	<u>-</u>
Amortisation		
As at 1 January	-	-
Charge for the year	2,459	-
As at 31 December	<u>2,459</u>	<u>-</u>
Net book value	<u>9,834</u>	<u>-</u>
11 Receivables		
Due from partners and related parties	646,192	531,948
Prepaid expenses	9,537	3,026
Staff receivables	53,066	32,436
Other receivables	64,008	52,800
	<u>772,803</u>	<u>620,210</u>
12 Deposits and prepayments		
Rent	6,086	6,086
Telephone	529	529
Utilities	76	76
	<u>6,691</u>	<u>6,691</u>
13 Cash and cash equivalents		
For the purpose of cash flow statement, the year end cash and cash equivalents comprise of the following:-		
	2023	2022
	Euro	Euro
Bank balance	4,617,945	5,972,321
Petty cash balance	18,479	83
	<u>4,636,424</u>	<u>5,972,404</u>
14 Trade and other payables		
Trade payables	64,564	49,653
Due to project partners	352,859	386,430
Payroll liabilities	101,440	83,683
Accrued expenses	14,702	50,358
Other payables	3,775	103,261
Withholding tax payable	3,956	1,979
Income tax payable	33,579	17,126
	<u>574,875</u>	<u>692,489</u>

SOLIDARIDAD EAST AND CENTRAL AFRICA EXPERTISE CENTRE
Consolidated report and financial statements
For the year ended 31 December 2023

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15 Reserve funds	2023	2022
	Euro	Euro
(a) Office funds		
Balance brought forward	1,117,591	954,628
Receipts during the year	117,303	121,433
Net grants utilized during the year	(141,893)	(26,994)
Surplus	(94,876)	68,524
Balance carried forward	<u>998,125</u>	<u>1,117,591</u>
(b) Deferred income		
Balance brought forward	4,835,024	2,066,770
Grants received during the year	9,796,605	10,354,317
Exchange revaluation	539,385	-
Transfers to/(from) other projects	119,466	201,905
Grants utilized during the year	(11,297,868)	(7,787,968)
Balance carried forward	<u>3,992,612</u>	<u>4,835,024</u>
Total reserve funds	<u>4,990,737</u>	<u>5,952,615</u>
16 Fund and Cash reconciliation		
Bank balance as per the financial statements	4,636,424	5,972,404
Fund balance	<u>(4,990,737)</u>	<u>(5,952,615)</u>
Variance	<u>(354,313)</u>	<u>19,789</u>
Represented by:		
Deposits and other receivables	779,494	626,901
Funds used on fixed assets(Net book value)	99,889	31,942
Other payables and income tax	(574,017)	(691,629)
Non cash expenses(accumulated depreciation)	48,947	12,997
	<u>354,313</u>	<u>(19,789)</u>

17 Events after the year end

Since the end of the financial period, no matter or circumstances have occurred that have or may significantly affect the operations or the state of affairs of the Company in subsequent financial years.

18 Contingent Liabilities

The Company has no legal matters either for or against pending in any courts.

19 Capital Commitments

The Company has no capital commitments, whether authorized and contracted or authorized and not contracted.