USAWA AGENDA

(a company limited by guarantee and having no share capital)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors submit their report together with the audited financial statements of USAWA AGENDA (the "Company") for the year ended 31 December 2020, which disclose the state of affairs of the Company.

BUSINESS REVIEW

The principal activity of the Company is to conduct large scale survey of learning levels of children in Kenya and using the findings to contribute locally and globally to shifting the narrative about basic education from the focus on inputs to learning outcomes.

RESULTS AND DIVIDEND

Surplus for the year is USD Nil Members do not receive any dividends.Any profit generated by the company are reinvested and used for promoting its non-profit activities.

DIRECTORS

The directors who held office during the year and to the date of this report were:

Mr Henry Kilonzo	Board Chairman
Dr. Emmanuel Manyasa	Executive Director and Board Secretary
Dr. Wilson Wasike	Board Member
Ms.Florence Syevuo	Board Member
Mr.Naman Nimrod Owuor	Board Member
Prof.Gituro Wainaina	Board Member

GOING CONCERN

The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the audited annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient donor funding to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

AUDITOR

DISCLOSURES TO AUDITOR

The directors confirm that with respect to each director at the time of approval of this report:

(a) there was, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and

(b) each director had taken all steps that ought to have been 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 AUDITOR

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the Members.

By order of the Board

SECRETARY

29 June 2021

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. The directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
ii. Selecting suitable accounting policies and then apply them consistently; and
iii. Making judgements and accounting estimates that are reasonable in the circumstances

Having assessed 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 29 June 2021 and signed on its behalf by:

Dr. Emmanuel Manyasa
Secretary

Mr. Henry Kilonzo
Chairperson

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF USAWA AGENDA

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of USAWA AGENDA (the "Company") set out on pages 7 to 29 which comprise the statement of financial position at 31 December 2020 and the statements of comprehensive income and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2015.

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 Company 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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, , except to the extent otherwise explicitly stated in this report, 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 identified above 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 on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF USAWA AGENDA (continued)

Report on the audit of the financial statements (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 judgement 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 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.

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF USAWA AGENDA (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities 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.

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 1 and 2 is consistent with the financial statements.

FCPA Benson Okundi, Practising Certificate No. 1649
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

29 June 2021

TRANSLATION REPORT TO THE DIRECTORS OF USAWA AGENDA

The translations of the 2020 Financial Statements for Usawa Agenda have been done as per the IAS 21 on Foreign Exchange.

The statements were translated from Presentation currency, USD to the local currency, KES for the purposes of statutory reporting.

The translations were done by Shilasi and Associates.

Shilasi and Associates

CPA Patrick Milimu Likombe, Practising Certificate No. 1346
Auditor responsible for translations

For and on behalf of Shilasi and Associates
Certified Public Accountants
Nairobi

14th Dec, **2021**

Statement of comprehensive income

	Notes	USD	KES
Grant income	5	210,924	22,456,572
Other income	6	2,789	296,938
Total income		**213,713**	**22,753,510**
Employee benefits	7	159,083	16,937,185
Operations and finance	8	20,063	2,136,060
Depreciation on equipment and software	9	436	46,420
Governance and management	10	3,719	395,953
Monitoring, learning and evaluation	11	847	90,178
Research and evidence	12	14,726	1,567,842
Right of use depreciation	19	10,748	1,144,314
Finance cost on lease liability	19	6,590	701,622
IFRS 16 adjustment on first time application	20	(2,499)	(266,064)
Total operating expenses		**213,713**	**22,753,510**
Surplus for the period before tax		-	-
Income tax expense	13	-	-
Surplus for the period after tax		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

Statement of financial position

ASSETS	Notes	USD	KES
Non-current assets			
Property and equipment	14	8,214	896,737
Right of Use asset	19	42,994	4,693,732
		51,208	**5,590,469**
Current assets			
Trade and other receivables	15	18,123	1,978,521
Cash at bank	16	287,133	31,346,826
		305,256	**33,325,347**
TOTAL ASSETS		**356,464**	**38,915,816**
LIABILITIES			
Current liabilities			
Payables and accrued expenses	17	23,590	2.575.362
Non current liabilities			
Deferred grant	18	287,381	31,373,901
Lease liability	19	45,493	4,966,553
		332,874	**36,340,454**
Total liabilities		**356,464**	**38,915,816**

The financial statements on pages 7 to 29 were approved for issue by the Board of Directors on 29 June 2021 and signed on its behalf by:

Dr. Emmanuel Manyasa
Secretary

pp **Mr. Henry Kilonzo**
Chairperson

Statement of cash flows

	Notes	USD	KES
Cash flows from operating activities			
Surplus before income tax		-	-
Adjustments for:			
Depreciation on equipment	14	436	46,420
Depreciation on right of use asset	19	10,748	1,144,314
Finance cost on lease	19	6,590	701,622
Working capital adjustments:			
Increase in fixed deposits		(3,710)	(405,027)
Increase in debtors and prepayments		(14,413)	(1,573,493)
Increase in creditors		310,971	33,949,263
Net cash generated from operating activities		**310,622**	**33,863,099**
Cash flows from investing activities			
Purchase of dellmec server		(8,116)	(886,038)
Purchase of smart Uninterruptible Power Supply (UPS)		(534)	(58,298)
Net cash used in investing activities		**(8,650)**	**(944,336)**
Cash flows from financing activities			
Rental lease payments		(14,839)	(1,571,937)
Net cash used in financing activities		**(14,839)**	**(1,571,937)**
Net increase in cash and cash equivalents		**287,133**	**31,346,826**
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year	**16**	**287,133**	**31,346,826**

Notes

1 General information

USAWA AGENDA is incorporated in Kenya under the Companies Act as a company limited by guarantee and without share capital. The address of its registered office is:

Building House No 22
22 School Lane
P.O Box 4458-00200
Nairobi, Kenya

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income, in these financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) *New and amended standards adopted by the Company*

The impact of the adoption of the IAS 1 and IAS 8 and the new accounting policies are disclosed below. Other new accounting standards effective for reporting periods beginning on or after 1 January 2020 did not have any impact on the Company's accounting policies and did not require retrospective adjustments to the financial statements.

(ii) *New and amended standards not yet effective*

No standards not yet effective have been adopted by the Company.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company (continued)

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material

Effective 1 January 2020; these amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure' – Interest rate benchmark reform (Phase 1)

These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment (published in June 2020 and effective for annual periods beginning on or after 1 June 2020)

In the amendments, the IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

The amendments above had no material impact on the financial statements of the Company.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

ii) New relevant standards and amendments and interpretation not yet effective

Amendment to IFRS 3, 'Business combinations' (published in May 2020 and effective for annual periods beginning on or after 1 January 2022).

The Board updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use (published in May 2020 and effective for annual periods beginning on or after 1 January 2022).

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current (published in January 2020 and effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

Annual improvements cycle 2018 -2020 (published in May 2020 and effective for annual periods beginning on or after 1 January 2022)

These amendments include minor changes to:

IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

ii) New relevant standards and amendments and interpretation not yet effective

Annual improvements cycle 2018 -2020 (published in May 2020 and effective for annual periods beginning on or after 1 January 2022) (continued)

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

The Directors are of the view that the above amendments will not have any material impact on the financial statements of the Company.

(b) Revenue recognition

i) Grant income

USAWA AGENDA as a not-for-profit entity receives funds/income from donors in form of grants. Grant income is accounted for in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance.

Grants are recognised when there is reasonable assurance that USAWA AGENDA will comply with the conditions of the grant as stipulated in the grant/funding agreement and that grants will be received from the donor/funder.

Initially grants received are recognised as deferred income. Subsequently these are recognised as income in the statement of comprehensive income over the period necessary to match them with their related costs, for which they are intended to compensate on a systematic basis.

Grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement for comprehensive income for the period in which it becomes receivable.

ii) Other income

Other income' includes income that appears as the Company's non-core activities such as currency translation gain.

Notes (continued)

2 Summary of significant accounting policies (continued)

(c) Foreign currency translation (Continued)

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The financial statements are presented in United States Dollar ("USD") which is the Company's Functional Currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

(d) Property and equipment

Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred. Equipment with value exceeding USD 125 qualify for capitalization.

Non-current assets are maintained at carrying amount in the financial statements and are depreciated on a reducing balance method using the following annual rates:

Asset category	**Depreciation**
Land and Building	3%
Motor vehicles and cycles	25%
Computers	33.3%
Other equipment and tools	25%
Furniture and fitting	12.5%

Equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

Notes (continued)

2 Summary of significant accounting policies (continued)

(e) Intangible assets

Intangible assets are initially shown at historical cost. Intangible assets are carried at cost less accumulated amortisation over their useful life. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over the period of the intangible assets. These costs are amortised over their estimated useful life.

The entity did not have any intangible asset in the period under review. Going forward, any software purchased will be treated as intangible asset.

(f) Financial assets

Initial recognition

Financial instruments are recognised when, and only when, the Company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Company commits itself to the purchase or sale.

Classification

The Company classifies its financial instruments into the following categories:
Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

All financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and amounts due from related parties were classified as at amortised cost.

- Trade and other liabilities were classified as at amortised cost.

Initial measurement

Trade receivables and demand and term deposits are measured at their transaction price.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured at amortised cost. Interest income and exchange gains and losses on monetary items are recognised in profit or loss.

Impairment

The Company recognises a loss allowance for expected credit losses on receivables that are measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable

Notes (continued)

2 Summary of significant accounting policies (continued)

(f) Financial Assets (continued)

Impairment (continued)

evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected Credit losses represent the portion of lifetime expected credit losses that result from Default events on a financial asset that are possible within 12 months after the reporting Date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the financial reporting date.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Notes (continued)

2 Summary of significant accounting policies (continued)

(g) Receivables and prepayments

Receivables comprise of unaccounted for grant advances to implementing partners, grant receivable from donors, travel advances, staff advances and other recoverable balances which arise during the normal course of business.

Receivables are carried at the original carrying amount less provision made for impairment losses. A provision for impairment is established when there is objective evidence that USAWA AGENDA will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provisions is the difference between the carrying amount and the recoverable amount.

Advance payments made for goods or services to be consumed at a future date are recorded as prepayments and amortized through the statement of comprehensive income. When the prepaid item is eventually consumed, the prepayment is accordingly reduced by the consumed amount.

(h) Cash at bank

Cash at banks include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Related party transactions

USAWA AGENDA discloses key management personnel compensation in total and for each of the following categories: short-term employee benefits; post-employment benefits; other long-term benefits; termination benefits; and share-based payment benefits.

For the purposes of defining related party transactions, key management includes Directors, the USAWA AGENDA management team and close members of their families and entities controlled or jointly controlled by these individuals.

For all transactions between related parties, USAWA AGENDA discloses the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Notes (continued)

2 Summary of significant accounting policies (continued)

(j) Related party transactions (continued)

These disclosures are made separately for each category of related parties and include: the amount of the transactions; the amount of outstanding balances; terms and conditions and guarantees; provisions for doubtful debts related to the amount of outstanding balances; expense recognised during the period in respect of bad or doubtful debts due from related parties.

A statement that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

(k) Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(l) Income tax expense

No tax has been provided for in these financial statements because the directors believe that USAWA AGENDA is a charitable organisation which conforms to the requirements for exemption from income tax as provided by the law in Kenya which exempts from income tax any religious, charitable or educational institution of a public character. This exemption is awarded if the institution is issued with a tax exemption certificate of by Kenya Revenue Authority ('KRA')

The Company is optimistic that it will be issued with an income tax exemption certificate.

(m) Employee benefits

(i) Retirement benefit obligations

The Company does not operates a defined contribution/benefit retirement benefit scheme for its employees. However the company and all its employees remit pension to Jubilee Insurance. The Company and all its employees also contribute to the National Social Security Fund (NSSF), which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Company and employees.

Notes (continued)

2 Summary of significant accounting policies (continued)

(m) Employee benefits (continued)

(i) Retirement benefit obligations (continued)

The Company's contributions to the defined contribution schemes are charged to the statement of comprehensive income in the period to which they relate.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the financial reporting date is recognized as an expense accrual.

(n) Leases

The Company leases office space. Rental contract is made of 5 years. There are no non-lease components in the lease contract and consideration is based on its relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and there are no security interests in the leased assets that are held by the lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company will use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Notes (continued)

2 Summary of significant accounting policies (continued)

(n) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination terms

Extension and termination options shall be included in the leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

(n) Comparatives

This was the first year of operation hence there were no comparatives.

(o) Reserves

Reserves relate to surplus for the period.

Notes (continued)

3 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future when preparing its annual financial statements. Actual results may differ from these estimates. 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 discussed below.

a) Impairment of trade receivables

A provision for impairment of receivables is established when objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

In the current year, no impairment loss was recognized, (2019: nil).

b) Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the Company's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. In determining residual values, the Company uses historical sales and management's best estimate based on market prices of similar items.

Useful lives of equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets

There were no significant changes in the useful lives and residual values of items of property, plant and equipment during the current year.

c) Provisions

The Company exercises judgement in determining the expected cash outflows related to its provisions. Judgement is necessary in determining the timing of outflow as well as quantifying the possible range of the financial settlements that may occur.

The present value of the Company's provisions is based on management's best estimate of the future cash outflows expected to be required to settle the obligations, discounted using appropriate pre-tax discount rates that reflect current market assessment of the time value of money and the risks specific to each provision.

Notes (continued)

4 Financial risk management objectives and policies

USAWA AGENDA discloses information about the significance of financial instruments to the entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms in accordance with IFRS 7 Financial Instruments.

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk, liquidity risk and compliance risk. The Company's overall risk management programme focuses on minimising potential adverse effects on its financial performance, but the Company does not hedge any risks. Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Market risk

(i) *Foreign exchange risk*

The Company receives funds from donors in foreign currency and is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

USAWA AGENDA only gets into foreign currency transactions where it has contractual commitments requiring payments in foreign currency and enters into foreign currency arrangements in order to minimise any foreign exchange exposure.

USAWA AGENDA endeavours to sign agreements and supplier contracts in a currency that does not expose the company to foreign exchange risks. These includes both local and international implementing partners and suppliers. Any exposure by USAWA AGENDA to foreign currency risk is clearly identified by the Company in the procurement contract or grant agreement at its inception.

(ii) *Credit risk*

Credit risk arises from cash and cash equivalents as well as credit exposures to implementing partners. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Implementing partners are required to account for previous funds disbursed before additional funds are disbursed to them. The grant agreements with implementing partners expressly state that all funds disbursed shall be accounted for in accordance with the approved work plans and budgets.

The amount that best represents the Company's maximum exposure to credit risk is made up as follows:

	At 31 December 2020	
	USD	**KES**
Cash and bank	287,133	31,346,826

Notes (continued)

4 Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk arises when USAWA AGENDA has insufficient cash balances to meet its obligations as they fall due. USAWA AGENDA ensures that sufficient cash balances are maintained. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	At 31 December 2020 Less than 1 year USD	KES
Trade payable	23,590	2,575,362

Compliance risk

(i) Non-compliance with policies, funding agreements, and laws

Compliance risk arises when USAWA AGENDA does not comply with the approved policies, funding agreements and relevant laws and regulations. USAWA AGENDA ensures that monitoring is done to ensure comply with policies of the Company, funding agreements and relevant laws and regulations. Management monitors costs incurred to ensure they are in accordance with the funding agreements, donor policies and requirements. In the event of any inconsistencies between the Company's policies and funding agreements, the latter prevails and in the event of inconsistencies between policies and/or funding agreements with laws and regulations, the latter prevails.

(ii) Non-compliance with Laws and Regulations (NOCLAR)

NOCLAR is defined as any act of omission or commission, intentional or unintentional, committed by USAWA AGENDA, including by management or by others working for or under the direction of USAWA AGENDA, which is contrary to prevailing laws or regulations. Therefore, if acts of NOCLAR are committed by implementing partners, contractors, agents or non-executive directors of USAWA AGENDA, the Code requires Professional Accountants (PAs) to take action. The laws and regulations to be considered are those that directly affect USAWA AGENDA's financial statements or its business in a material or fundamental way.

The standard applies to all PAs including those PAs may raise NOCLAR matters such as those in management positions or on boards of directors, and regulators or other public authorities. PAs at USAWA AGENDA include Finance Manager, Accountant, Assistant Program Manager and External Auditors.

Members of the profession have a responsibility to alert relevant authorities where illegal acts such as fraud, corruption, bribery or money laundering are suspected or uncovered during the

Notes (continued)

4 Financial risk management objectives and policies (continued)

Compliance risk (continued)

course of their professional work.

Management takes appropriate and timely action in order to rectify the NOCLAR matters identified otherwise the matters should be disclosed to an appropriate authority if required by law or regulation, or where it is considered in the public interest.

5 Grant income

	USD	KES
Twaweza East Africa	193,321	20,582,423
Wellspring fund	17,603	1,874,149
	210,924	**22,456,572**

6 Other income

Realised currency gains	2,788	296,832
Unrealised currency gains	1	106
	2,789	**296,938**

7 Employee benefits

Salaries	96,324	10,255,385
National Social Security Fund (NSSF) employee contribution	258	27,469
National Hospital Insurance Fund (NHIF)	406	43,226
Pay As You Earn (PAYE)	30,189	3,214,150
Employee pension (Jubilee)	6,085	647,855
Employer pension (Jubilee)	10,097	1,075,003
Insurance	15,724	1,674,097
	159,083	**16,937,185**

Notes (continued)

8 Operations and finance

	USD	KES
Bank charges	38	4,046
Bank revaluations	2,040	217,194
Policy administration	89	9,476
Information Technology (IT) expenses	11,117	1,183,600
Office and maintenance expenses	1,383	147,245
Other staff related costs	5,011	533,509
Higher Education Loans Board (HELB) loan repayment	385	40,990
	20,063	**2,136,060**

9 Depreciation on equipment

Delmell server	432	45,994
uninterruptible power supply	4	426
	436	**46,420**

10 Governance and management

Compliance	369	39,286
Governance	2,176	231,674
Management and strategic support	1,174	124,993
	3,719	**395,953**

11 Monitoring, learning and evaluation

Monitoring of media coverage	277	29,492
Workshop attendance	60	6,388
Report dissemination	470	50,040
Intern statutory expenses	40	4,258
	847	**90,178**

12 Research and evidence

Data entry and analysis	550	58,557
National assessment test	10,843	1,154,428
Partner's facilitation	1,195	127,229
Research design	282	30,024
Survey tools	1,856	197,604
	14,726	**1,567,842**

13 Income tax

Notes (continued)

No tax has been provided for in these financial statements because the directors believe that USAWA AGENDA is a charitable organisation which conforms to the requirements for exemption from income tax as provided by the income tax law in Kenya which exempts from income tax any religious, charitable or educational institution of a public character. This exemption is awarded if the institution is issued with a tax exemption certificate by Kenya Revenue Authority ('KRA')

The Company is optimistic that it will be issued with an income tax exemption certificate upon application.

14 Property and equipment	USD	KES
Year ended 31 December 2020		
Opening net book amount	-	
Additions	8,650	944,336
Depreciation charge	(436)	(46,420)
Closing net book amount	**8,214**	**896,737**
At 31 December 2020		
Cost	8,650	944,336
Accumulated depreciation	(436)	(46,420)
Net book amount	**8,214**	**896,737**

15 Trade and other receivable		
Staff advances and imprest	375	40,939
Prepayments	14,038	1,532,555
Deposits	3,710	405,027
	18,123	**1,978,521**

16 Cash and bank		
USD accounts	204,984	22,378,472
KES accounts	82,149	8,968,354
	287,133	**31,346,826**

Notes (continued)

17 Trade and other payable

	USD	KES
Staff benefit accruals – Pension	1,848	201,750
Payable statutory deductions – PAYE, NHIF, NSSF, HELB and withholding tax	3,394	370,528
Leave accrual	8,534	931,672
Other creditors	9,814	1,071,412
	23,590	**2,575,362**

18 (a) Deferred grant

In the period,Usawa Agenda received a total of USD 304,984 in cash of which USD 17,603 was used to settle rent deposit,rental payments and staff medical insurance.The balance of USD 287,381 was deferred to the next financial year.

Opening balance	-	-
Amount received in the year	304,984	33,295,652
Amount Utilized(expenditure)	(17,603)	(1,921,751)
Closing balance	**287,381**	**31,373,901**

(b) Fund received

Imaginable Futures	100,000	10,917,180
Wellspring Fund	200,044	21,839,164
Aga Khan Foundation	4,940	539,308
	304,984	**33,295,652**

19 Leases

Amounts recognised in the financial statements are as follows:

a) Right of use assets

At the start of year	53,742	5,838,046
Additions in the year	-	-
Depreciation charge for the year	(10,748)	(1,144,314)
	42,994	**4,693,732**

Notes (continued)

b) Lease liabilities

At the start of year	53,742	5,838,046
Additions in the year	-	-
Interest expense	6,590	701,622
Lease payments	(14,839)	(1,571,937)
	45,493	**4,966,553**

20 IFRS 16 adjustment on first time application

Reversal of rental expense	(14,839)	(1,571,937)
Right of use depreciation	10,748	1,144,314
Finance cost	6,590	701,622
	2,499	**266,064**

21 Related party transactions

USAWA AGENDA is a Company limited by guarantee established on 11 December 2019. The Company is financed through funding received from donors. The following transactions were carried out with related parties during the year:

i) Donor funds

No transaction with donors during the period under review. For funds received from donors refer Note 18 (b)

ii) Directors' emoluments

	USD
Governance costs	2,176

Governance costs relate to sitting allowances paid to board members for board and committee meetings held during the year.

21 Related party transactions (continued)

iii) Key management compensation	**USD**
Short term employee benefits	111,741

The compensation paid to senior management during the period amounted to USD 111,741. This consisted of salaries and other short-term employment benefits paid to the Executive Director.

Notes (continued)

22. Events after the reporting period

The global COVID-19 crisis, which started in March 2020, is still ongoing with the impact on the Company of reduced activity. The Company has implemented a work at home policy to ensure that continuing activity for its management is not interrupted.

Directors believe the Company has the support to ensure its solvency throughout 2021 and beyond to see it through the coronavirus risk.

The entity is unable to quantify the impact of the pandemic on its future results and financial positions

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