DEVELOPMENT ALLIANCE FOR LITERACY EDUCATION AND TRAINING (DALET)

(Company Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

31st DECEMBER 2018

DALET
(Company Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

CONTENTS

DALET
(Company Limited by Guarantee)

CORPORATE INFORMATION

Members of Council:	Samuel Gyamfi Asiedu (President) Kristina C. Kelly (Vice President) Eric Danso (Executive Director)
Secretary:	Charity A. Pokoo Kasoa – Bawjiase Road P. O. Box OH 414 Kasoa.
Registered Office:	Off Papaase No. 1 Larbie Village Kasoa – Bawjiase Road P. O. Box OH 414 Kasoa.
Independent Auditors:	Jacob Arthur Accounting Services Chartered Accountants BCB Legacy House #1 Nii Amugi Avenue, East Adabraka, Accra P. O. Box CT 1552, Cantonments – Accra.
Bankers:	ADB Bank Limited

REPORT OF THE COUNCIL TO THE MEMBERS OF
DALET
(Company Limited by Guarantee)

The Council of DALET has pleasure in presenting its first report and Financial Statements for the year ended December 31, 2018.

RESPONSIBILITY OF COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS

We, the Council Members of DALET are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards for Small and Medium Enterprises, and in the manner required by Ghana's Companies Act of 1963, (Act 179). As Members of Council, we are further responsible for establishing appropriate systems of accounting and internal controls that are requisite to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error

INCORPORATION AND NATURE OF BUSINESS

DALET is a Private Company Limited by Guarantee, and registered under the Companies Act of Ghana 1963, (Act 179) on 10th October 2017. Its operating objectives include the following:

- To provide religious and moral, educational, agricultural and technical/ vocational training in Ghana;
- To help in alleviating poverty through direct interventions such as provision of food and nutrition, school supplies, promotion of healthy lifestyle in Ghana;
- To engage in building public and private school infrastructure in Ghana.

There was no change in the nature of business of the company during the period under review.

GOING CONCERN CONSIDERATIONS

Members of the Executive Council believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. Members of the Executive Council have satisfied themselves that the company is in a sound financial position and that it has access to sufficient liquid resources to meet its foreseeable cash requirements. The Executive Council members are not aware of any new material changes that may adversely impact the company, neither are they aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS

The financial results are set out in the attached Financial Statements. The Council considers the state of affairs of the company to be satisfactory.

EXTERNAL AUDITORS

Messrs Jacob Arthur Accounting Services have indicated their willingness to continue in office as External Auditors of the company in accordance with section 134(5) of the companies Act 1963, (Act 179). We therefore recommend their continued appointment.

REPRESENTATION AND CERTIFICATION OF THE COUNCIL AND MANAGEMENT

We certify that the Statement of Assets and Liabilities (i.e. Balance Sheet) on page 9, the Statement of Income and Expenditure (i.e. Comprehensive Income) on page 8 and the Statement of Cash Flows on page 10 together with the notes thereon on pages 8 – 16 have been prepared from records, information and representations made by members of the Council of DALET.

We confirm that we have made available all relevant records and information for the purpose of preparing and examining the Financial Statements in reference. We approve the Financial Statement together with the notes thereon for the period ended December 31, 2018.

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) **Executive Council**
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ACCRA

DECEMBER 22
......................………., **2020**

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF DALET

Opinion

We have audited the financial statements of **DALET** which comprise Statement of Financial Position as at 31st December 2018, the Statement of Income and Expenditure, and the Statement of Cash Flow for the period then ended and a summary of significant accounting policies and other explanatory notes set out on pages 8 to 16.

In our opinion, these Financia1 Statements give a true and fair view of the financial position of Safe Water Network Ghana at 31st December 2018, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179).

Our report is made solely to the company's members, as a body, in accordance with section 133 of the Companies Act 1963, (Act 179). The purpose of our audit is to enable us to make a statement to the members of the company on those matters specifically required by law to be mentioned in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein above.

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 section of our report dealing with the Auditor's Responsibilities for the Audit of the Financial Statements. In form and substance, we are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other 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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

The Directors are also responsible for such internal control as they 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.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditors 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, 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 management.
- Assess the appropriateness of the Directors' 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 which are beyond the scope of this report may cause the company to cease to continue as a going concern.
- 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 Legal and Regulatory Requirements

(a) Under the Companies Act 1963 (Act 179) we are required, when carrying out our audit, to consider and report on certain specific matters. We accordingly report that:

   i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii) In our opinion proper books of account have been kept by the Company, as far as appears from our examination of those books; and
   iii) In all material respect, the Organisation's statement of financial position and statement of income and expenditure are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Jacob Arthur (ICAG/P/266).**

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(ICAG/F/266) Chartered Accountants
BCB Legacy House
#1 Nii Amugi Avenue
East Adabraka, Accra
P. O. Box CT 1552
Cantonments -Accra
Ghana.

DECEMBER 29
……………………., 2020
Accra

DALET
STATEMENT OF INCOME AND EXPENDITURE
FOR THE FIFTEEN MONTH PERIOD ENDED 31ST DECEMBER 2018

	NOTES	2018 GH¢
Operating Revenue	**4**	56,240

Total Income		**56,240**

Expenditure:		
Personnel	**(Sch 1)**	20,955
Contract Services	**(Sch 2)**	2,000
Other Operating Expenses	**(Sch 3)**	37,822

Total Expenditure		**60,788**

Deficit of Income over Expenditure		**(4,548)**
		=====

ACCUMULATED FUND
FOR THE FIFTEEN MONTH PERIOD ENDED 31ST DECEMBER 2018

Balance at 1 January 2018	-
Deficit transferred from Income and Expenditure	(4,548)

Balance at December 31st 2018	**(4,548)**
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DALET
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2018

	NOTES	GH¢	2018 GH¢
PROPERTY, PLANT & EQUIPMENT	**8**		**29,546**
CURRENT ASSETS			
Cash and Bank	5	661	

		661	

CURRENT LIABILITIES			
Accounts Payable	**6**	23,200	

		23,200	

NET CURRENT LIABILITIES			**(22,539)**

NET ASSETS			**7,007**
			====
FINANCED BY:			
Accumulated Fund			(4,548)
Long Term Loan	**7**		11,555

TOTAL FUNDS			**7,007**
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ACCRA

DECEMBER 22 ,**2020**

DALET
STATEMENT OF CASHFLOW FOR THE FIFTEEN MONTH PERIOD ENDED 31ST DECEMBER 2018

		2018
	GH¢	**GH**
Cash Generated from Operations:		
Deficit from Operations		(4,548)
Add/(Less):		
Depreciation	4,375	
Increase /(Decrease) in Accounts Payable	23,200	

		27,575

Cash generated from operations		**23,027**
Cash flow from Investing Activities:		
Purchase of Property, Plant & Equipment	(33,921)	

Net Cash used in investing		**(33,921)**
Cash flow from Financing:		
Loan Received	11,555	

Net Cash Used in Financing		**11,555**

Net Increase/(Decrease) in Cash and Cash Equivalents		661
Cash and Cash Equivalent at beginning of year		-

Cash and Cash Equivalents at end of year		**661**
		===
Analysis of Cash and Cash Equivalents As shown in the Balance Sheet		
Cash and Bank Balances		**661**
		===

1. ACCOUNTING POLICIES

DALET is incorporated in Ghana under the Companies Act 1963 (Act 179) as a Private Limited Liability Company by Guarantee, and is domiciled in Ghana.

2. BASIS OF PREPARATION

a) Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SME's) issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act 1963 (Act 179).

b) Basis of Accounting

The Financial Statements are prepared on the historical cost basis except for (when applicable) financial assets and liabilities that are stated at their fair value on initial recognition and subsequently measured at amortised cost.

c) Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements.

a) Foreign Currency

Transactions in foreign currencies are translated to the Ghana Cedis which is the functional currency of the company at exchange rates on the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Ghana Cedis at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the statement of income and expenditure.

b) Operating Revenue

Operating revenue represents reimbursement of operating expenses and outlays received from various donors. Donor Grant is recognized and recorded in the Financial Statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the Company and the related revenue can be reliably measured. These are without any margins. However, exchange differences usually arise to the credit of the reporting entity.

c) Bank Balances

Bank balances comprise cash balances and call deposits with original maturities of three months or less. When applicable, bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

d) Accounts Receivable

The fair value of accounts receivable is estimated as the present value of future cash flow, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

e) Accounts Payable

Trade and other payables are stated at cost.

f) Taxation

The activities of DALET fall under the exempt organizations provisions of Section 97 of the Income Tax Act 2015, Act 896 due to the fact that they constitute activities that are of a charitable or public character nature. No tax is expected to be assessed on the activities of DALET provided the operating objectives and orientation remain not-for-profit.

g). Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at historical cost less accumulated depreciation or impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

Depreciation is calculated on a straight – line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Plant and Machinery	20%
Motor Vehicle	20%
Furniture and Fixtures	15-20%
Office Equipment	15-20%
IT Equipment	33.33%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in other income.

h) Short-term Employee Benefits

The cost of all short term employee benefits is recognized during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of employees' services provided up to the reporting date.

The Company is required to contribute 12.5 - 13% of qualifying employee costs to an established Pension Schemes in Ghana and such contributions are chargeable to the Statement of Income and Expenditure as part of total Employee Benefit.

i) Provisions

A provision is recognized in the balance sheet when a legal or constructive obligation as a result of a past transaction or event exist at the balance sheet date and the amount of the obligation can be reliably estimated and also probable that an outflow of economic resource will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

j) **Critical Accounting Estimates and Judgements**

Estimates and judgement are continually required based on evaluative criteria including historical experience and those relating to future events that are believed to be reasonable under the circumstances. The following specific issues refer.

Property, Plant and Equipment

Critical estimates are made by the Council in determining depreciation rates for property, plant and equipment. The rates used are set out in note 3g.

4. OPERATING REVENUE	**2018 GH¢**
Other Income	40
Contribution/Dues Received	4,882
Fundraising/Donations Received	5,196
Donor Grant received	46,122

	56,240
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5. CASH AND BANK	
Cash	661

	661
	===

6. ACCOUNTS PAYABLE	
Accrued Expenses	21,200
Accrued Audit Fees	2,000

	23,200
	=====

7. NON-CURRENT LIABILITIES	
Long Term Loan	11,555

	11,555
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This represents interest free loan received from Church of Christ Latter Day Saints (Strangite) to build and renovate school building at Larbie by the company on the 6th December 2017. The loan is for ten (10) years and shall be repayable in twenty three (23) installment over a period of twenty two (22) months starting from the April 2027.

8. PROPERTY, PLANT & EQUIPMENT

	Building GH¢	Furniture GH¢	Kitchen Equip't GH¢	Total GH¢
Cost				
As at 1/1/2018	-	-	-	-
Additions	26,421	5,000	2,500	33,921
At 31/12/2018	**26,421**	**5,000**	**2,500**	**33,921**
Depreciation				
At 1/1/2018	-	-	-	-
Charge for the year	2,500	1,250	625	4,375
At 31/12/2018	**2,500**	**1,250**	**625**	**4,375**
Net Book Value				
At 31/12/2018	**23,921**	**3,750**	**1,875**	**29,546**

9. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities not provided for in the Financial Statements as at the reporting dates. There were no commitments not provided for in the Financial Statements as at the reporting dates.

10. EXCHANGE CONTROL

All remittances from Ghana are subject to the agreement of the Exchange Control Authorities.

11. VALIDITY OF GOING CONCERN PRESUMPTION

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The members of council of the company are not aware of any circumstances, event or situation at the reporting date that undermines the presumption of going concern.

12. AFTER DATE EVENTS

There were no material matters or circumstances arising since the reporting date up to the date of signing that will have material impact on the financial statements.

13. RELATED PARTY TRANSACTIONS

No party related to the entity either by appointment, mutual interest or otherwise had any interest in the routine transaction of the company.

14. COMPARATIVE FIGURES

There were no comparative figures since this the first time company is preparing financial statements.

DALET

SCHEDULE 1

	2018 GH¢
EXPENDITURE RELATING TO PERSONNEL	
Wages and Salaries	18,544
Employers Pensions Obligations	2,411

Total	**20,955**
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SCHEDULE 2

CONTRACT SERVICES

Audit Fees	2,000

	2,000
	====

SCHEDULE 3

OTHER OPERATING EXPENSES

Communication/IT Services	7,926
Travelling and Transport	14,680
Printing & Stationery	312
Repairs and Maintenance	1,054
Canteen Expenses	3,195
Teaching and Learning Expenses	3,604
Office Supplies	187
Depreciation Expenses	4,375
Rents	1,200
Social Welfare License	1,300

	37,833
	=====

TOTAL EXPENDITURE	**60,788**
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