

SUE HAYWARD - HAPPY HOUSE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

Sue Hayward - Happy House

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Sue Hayward - Happy House
Report of the Board of Trustees

The organisation is governed by its by-laws and constitutes an unincorporated charity.

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS**

Sue Hayward - Happy House
P.O. Box 796 - 80202
Watamu, Kenya

1. INDEPENDENT AUDITOR

Monda & Associates
Certified Public Accountants
P. O. Box 16826 - 80100
Mombasa, Kenya

2. MAIN DONORS

Blackpool Soroptimists
United Kingdom

3. PRINCIPAL BANKER

NCBA Bank PLC
Malindi, Kenya

Sue Hayward - Happy House

Report of the Board of Trustees (continued)

Sue Hayward Happy House aims to provide health care and hygiene, food-security and education to destitute children in Watamu, Kenya and its environs.

Health care services are provided by catering for the children's medical expenses in various health centres, dispensaries and hospitals in the area.

It contributes to food-security by providing free meals to the needy children.

It also contributes towards improvement of education through specific special school projects such as provision of studying furniture, school fees, books and uniforms to the needy children.

The Board of Trustees meet once a year. The chairman is responsible for the general policy guidelines relating to the affairs of the organisation provided in the constitution.

Nothing has come to the attention of the Board of Trustees to indicate that the organisation will not remain a going concern for the next twelve months from the date of this statement.

Board of Trustees

Ms. D. McAlroy
Ms. R. Pendo
Mrs. J. Ottley
Mr. C. Franklin
Mr. David Hayward
Mr. Peter Reid
Ms. Grace Dunbur
Mr. Chloe Grove
Mr. Paul Hatch
Mrs. Velma Kazungu
Mr. Silas Karisa
Mrs. Dawn Heather White

Statement of Board of Trustees' Responsibilities

The constitution requires the Board of Trustees to prepare financial statements which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the operating results for that year. It also requires the Board of Trustees to ensure that the organisation maintains proper accounting records which disclose with reasonable accuracy of the financial position of the organisation. The Board of Trustees are also responsible for safeguarding the assets of the organisation.

The Board of Trustees accept the responsibility for the financial statements which have been prepared using the appropriate accounting policies supported by reasonable and prudent judgments and estimates consistent with previous years, and in conformity with the International Accounting Standard and the requirements of the NGO's Co-ordination Act. The Board of Trustees are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the organisation as at 31 December 2021 and of its operating results for the year then ended. The Board of Trustees further confirm the accuracy and completeness of the accounting records maintained by the organisation which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Approved by the Board of Trustees on and signed on its behalf by:

.....
Chairperson

.....
Treasurer

.....
Secretary

Auditors' Report

Report of the Independent Auditors to the board of trustees of Sue Hayward - Happy House

We have audited the financial statements set out on pages 6 and 12. 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 and to provide a reasonable basis for our opinion. The financial statements are in agreement with the books of accounts.

Respective responsibilities of board of trustees and auditors

The board of trustees are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the organisation and of the operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the board of trustees, as well as an evaluation of the overall presentation of the financial statements.

Opinion

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the organisation as at 31 December 2021 and of its results for the year then ended and comply with the International Financial Reporting Standard.

Monda & Associates
Certified Public Accountants
P. O. Box 16826 - 80100
Mombasa

..... 2022

Sue Hayward - Happy House
Income and Expenditure Account
For the year ended 31 December 2021

	2021	2020
	<u>Shs.</u>	<u>Shs.</u>
Donations received	24,457,703	21,637,932
Less: Expenditure	(25,507,476)	(21,082,685)
Operating (deficit)/surplus	(1,049,773)	555,247

Statement of Reserves

Accumulated fund balance brought forward	26,952,845	26,397,598
Prior year adjustment	(4,964,775)	-
Transfers to general reserve	11,143,831	-
(Deficit)/Surplus for the year	(1,049,773)	555,247
	32,082,128	26,952,845

Sue Hayward - Happy House
Statement of Financial Position
As at 31 December 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		<u>Shs.</u>	<u>Shs.</u>
Non-current assets			
Property, plant & equipment	2	24,896,755	25,807,401
Current Assets			
Cash and Bank	5	6,371,803	353,311
Other Receivables	4	860,263	825,203
		7,232,066	1,178,514
Current Liabilities	6	46,693	33,070
Net assets		32,082,128	26,952,845
Financed by:			
Accumulated funds		20,938,297	26,952,845
General reserves	1	11,143,831	-
		32,082,128	26,952,845

These Financial Statements were approved by the Board of Trustees on
and signed on their behalf by:

.....
Chairperson

.....
Secretary

.....
Treasurer

Sue Hayward - Happy House
Statement of Cash Flows
Year ended 31 December 2021

	2021 Shs	2021 Shs	2020 Shs	2020 Shs
Operating activities				
(Deficit)/Surplus for the year		(1,049,773)		555,247
Adjustments for:				
Prior year adjustment		(4,964,775)		-
Depreciation		1,068,831		1,209,783
Operating (deficit)/surplus before working capital changes		(4,945,718)		1,765,030
- other payables	13,623		33,070	
- other receivables	(35,060)	(21,437)	(398,949)	(365,879)
Cash (used in)/generated from operations		(4,967,155)		1,399,151
Income taxes paid		-		-
Net cash (used in)/generated from operating activities		(4,967,155)		1,399,151
Investing activities				
Purchase of property, plant & equipment (Note 1)		(158,185)		(2,228,196)
		(158,185)		(2,228,196)
Financing activities				
Net receipts during the year		11,143,831		-
Net cash from financing activities		11,143,831		-
Net movement in cash & cash equivalents		6,018,491		(829,045)
Cash & cash equivalents at start of year		353,311		1,182,356
Cash & cash equivalents at end of year (Note 3)		6,371,803		353,311

Sue Hayward - Happy House
Accounting Policies

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

(a) Basis of preparation

The financial statements are prepared under the historical cost convention.

(b) Income recognition

Income is recognised once grant money is received. It is accounted for on a cash basis.

(c) Basis of accounting

Accrual basis of accounting has been used to recognise expenses.

(d) Fixed assets

All fixed assets are initially recorded at cost and subsequently shown at historical cost less depreciation.

Depreciation is provided to write off the cost of the assets over their expected useful lives on a reducing balance basis at the following rates:

Land	-0%
Motor Vehicles	-25%
Motor Bikes	12.5%
Furniture & Fittings	12.5%
Machinery & Equipment	12.5%
Green House	12.5%
Computers & Accessories	30%
Text books	-0%

Land is not depreciated as it is deemed to have an indefinite life.

(e) Comparatives

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

Sue Hayward - Happy House
Notes to the Financial Statements

2. Property, plant & equipment

	Land & Building	Motor Vehicles	Motor Bikes	Furniture & Fittings	Machinery & Equipment	Green House	Computers & Accessories	Text Books	Total
Year ended 31 December 2021		25.0%	12.5%	12.5%	12.5%	12.5%	30.0%	0.0%	
Cost:									
As at 1 January 2021	22,916,453	7,804,600	95,000	3,133,729	3,310,764	1,540,000	674,300	31,910	#####
Additions	-	-	-	158,185	-	-	-	-	158,185
As at 31 December 2021	22,916,453	7,804,600	95,000	3,291,914	3,310,764	1,540,000	674,300	31,910	#####
Depreciation:									
As at 1 January 2021	2,775,146	6,953,293	62,357	985,133	1,277,798	1,010,842	634,786	-	#####
Charge for the year	231,456	212,827	4,080	288,348	254,121	66,145	11,854	-	1,068,831
As at 31 December 2021	3,006,602	7,166,120	66,438	1,273,481	1,531,919	1,076,987	646,640	-	#####
Net book value:									
As at 31 December 2021	19,909,851	638,480	28,562	2,018,433	1,778,846	463,013	27,660	31,910	#####
As at 31 December 2020	20,141,307	851,307	32,643	2,148,596	2,032,966	529,158	39,514	31,910	#####

Sue Hayward - Happy House
Notes to the Financial Statements

	2021	2020
	<u>Shs.</u>	<u>Shs.</u>
3. General reserves		
Balance at start of the year	-	-
Receipts during the year	18,286,418	-
Transfers to income & expenditure account	(7,142,587)	-
Balance at end of the year	11,143,831	-
4. Receivables		
Other Receivables	860,263	825,203
5. Cash and Bank		
Cash in hand	30	12,211
Cash at bank	6,371,773	341,100
	6,371,803	353,311
6. Current Liabilities		
Other creditors	46,693	33,070

7. Country of incorporation

The organization was incorporated in Kenya under the NGO's Co-ordinating Act 1990, in 2008.

8. Currency

These financial statements have been presented in Kenya Shillings.

9. Foreign Currency

Foreign currency transactions are translated at the rate of exchange ruling at the date of the transaction.

Sue Hayward - Happy House
Detailed Income and Expenditure Account
Year ended 31 December 2021

	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>
Donations received		7,142,587		16,956,200
Other income		17,315,116		4,681,732
		<u>24,457,703</u>		<u>21,637,932</u>
<u>Expenditure:</u>				
Motor running expenses	3,539,680		3,445,028	
Telephone, postage & internet	435,910		476,367	
Repairs & maintenance	1,677,769		1,381,073	
Food programme	3,251,373		3,009,359	
Water & electricity	624,964		604,107	
Transport	207,750		96,330	
Salaries & wages	10,637,704		8,505,525	
Director's expenses	876,811		521,324	
Entertainment	71,458		87,906	
Printing & stationery	331,578		576,632	
Garden expenses	50,560		116,190	
Students' utilities	252,614		207,777	
Medical expenses	86,675		95,903	
Bank charges	49,073		89,043	
Security	98,800		28,700	
Bookkeeping & Accountancy fees	75,000		80,000	
Cleaning & Sanitation	80,700		78,415	
Books & learning material	1,274,606		-	
Legal & professional fees	338,830		-	
Generator expenses	-		2,500	
School fees	386,790		289,877	
Rent and rates	90,000		120,000	
Miscellaneous	-		60,846	
Depreciation	1,068,831	(25,507,476)	1,209,783	(21,082,685)
(Deficit)/Surplus for the year		<u>(1,049,773)</u>		<u>555,247</u>

Children of Watamu Trustee Report 2021-22

This is a year that has been overshadowed by the tragic and sudden death of our founder, Sue Hayward.

Her husband Dave Hayward has been appointed chairman of the trustees and new trustees have been appointed to join the remaining trustees. They are Chloe Groves, Paul Hatch, Grace Dunbar, Dawn Heather White, Velma Kazungu, Silas Karlsa and Peter Reid.

Chloe Groves was elected as treasurer.

The trustees have been meeting regularly throughout the year via zoom.

Their aim is to continue to run and develop the charity as Sue would have wished.

Rose Pendo, who worked with Sue for upwards of 15 years and was her right-hand woman, continues as administrator shouldering additional responsibilities.

Sue had brought together a trusted management team and trained them well and this foresight is standing us in good stead.

One young man, Evans Khamisi, who came into our care as a young boy is now a management trainee working at Happy House and studying remotely. His elder sister, Janet, who also spent her childhood in our care, is now employed in our school whilst studying to be a teacher. Both now live independently in rented accommodation and manage well.

The shock and heartbreak of Sue's death left everyone reeling. She had been Mama Sue to the children in our care and to the staff we employ.

Despite his personal grief and that of the management team, Dave was determined the focus should remain on the welfare of the children just as Sue would have insisted.

Despite the pandemic and the resulting drop in fundraising, 2021-22 has been a stable financial year. As always we are entirely dependant on the generosity of others and their donations and child sponsorship.

We have received donations that enabled the purchase of three much-needed replacement vehicles including two mini buses for use as transport for our children's home, the Happy House, and our school.

We have also received funds to meet the cost of sinking two bore holes to pump water – so essential in Kenya.

The Happy House children's home currently remains home to an average of 50 children.

We put in place strict protocol to protect our home and school environments from Covid19 and have, thus far, been successful. We are grateful for that.

Fortunately, Watamu has not suffered badly from Covid amongst its population.

We continue to repatriate children to blood relatives when circumstances have made this possible and it is in the interests of the child to do so.

In April 2022 we were able, post-pandemic, to resume home visits to blood relatives, again where it is in the interests of the child, for stays of a short duration in school holidays.

In February 2022, the Kenya Certificate of Primary Education Examinations took place having being postponed last year because of long school closures during the peak of the pandemic.

We are delighted with the results achieved by our students, both those living in our care and fee-paying day pupils,

Our candidates achieved a mean score of 333 out of 500. One girl, who lives in our care, was top with 389.

These results put us amongst the highest achieving schools in the district.

Our founder Sue was a great advocate for the importance of using technology in education and this came into its own during the time school was compulsorily closed because of Covid. We were able to continue classes for our children at Happy House via Zoom and the use of Smart televisions. Donations were made to buy two additional Smart TV's.

Children, even those as young as three, are able to use tablets for educational games with the older ones being able to use them for educational research. The older children encourage and help the younger ones to learn.

When school resumed after long periods of absence we were, thanks to the financial backing of one family in UK, to put remedial classes in place for all children with teachers employed specifically to teach them.

These have been an asset in boosting confidence and skills of children who missed out because of enforced isolation and those who struggle in certain subject areas. The success of these classes is reflected in the exam results achieved across our primary school.

Slowly, tourism is beginning to resume, and we are getting a few visitors returning specifically to visit Happy House and to see their sponsor children. We are delighted to see them.

Three New trustees, Peter Reid, Dawn Heather White, and Paul Hatch have also been to visit.

Our school, which is a mix of free students from backgrounds of extreme poverty and young people whose parents are in a position to pay fees, remains a centre of excellence attracting new pupils especially in the lower age groups. Fees are used on a non-profit basis to sustain the school.

Those students who reach year eight and pass the KCPE go on to secondary schools. Those children in our care go to schools we have chosen while many fee-paying students go on to boarding schools as is normal in Kenya.

Our management and trustees are keeping a very close watch on the Government plan to close children's homes and reintegrate children into the community. It is being piloted in Kilifi District which happens to be the one that we fall into.

We already have reintegrated children where possible and those remaining in our care are those who truly need it or who have returned if reintegration has not worked as hoped. Many have spent almost their entire lives with us and regard each other as brothers and sisters, bonded by love not blood. We are anxious to protect the welfare of these children at all costs and will work with the authorities to achieve the best results we can for all concerned. At the moment there is no imminent action proposed.

Our aims for the coming year are to continue to provide for the children in our care in the best way possible and to empower them for an independent future by equipping them with the best education we can give, plus additional life skills and personal confidence and wellbeing.

During 2021 we appointed a new social worker to replace the person who previously held the role and she monitors the progress of each individual child.

Their physical and emotional welfare is paramount and we are happy that we have a thriving community of happy, healthy young people in our children's home.

We will also continue to develop our school and to keep up with changes as they occur.

**Dave Hayward, Trustee Chair, Children of Watamu charity.
April 2022.**