

## **Children of Watamu Trustee Report 2022 – 2023**

Registration No: 1098731

Address: Watamu, Kilifi County, Kenya

Trustees:

Dave Hayward – Non Executive Director & Chairman

Rose Pendo - Director

Chloe Groves – Treasurer

Velma Kazungu – School Administrator

Silas Karisa

Dawn-Heather White

Peter Reid

Chris Franklin

Paul Hatch

Grace Dunbar

### **Introduction**

The Children of Watamu Happy House is registered as a Children's Home with the Charity Commission for England and Wales. The Home is also registered as a Charitable Children's Institution (CCI) in the Republic of Kenya CS No 000573. The Happy House was established in March 2010 by Sue and Dave Hayward who were regular visitors to Watamu. Within a few months of opening the number of children living in the Happy House was 104 but, through extensive work with the local community and in tracing members of extended family, this number has been reduced to an average of 50 children at any one time. Some of the children have been abandoned, some have lost parents through illness, some have been abused and some were referred by local children's groups and communities as mothers could not afford to feed them and their children were at risk of starving.

In keeping with the National Care Reform Strategy for Children in Kenya 2022 – 2032, the Happy House continues to provide a safe, secure and homely environment while attempting to repatriate children back into local communities, where possible. The Happy House also established the Happy House School which is attended by both Happy House children plus fee paying students which further helps with community integration as the children develop networks outside of their home.

## **Structure**

The Happy House Trustees meet on a quarterly basis. As four of the Trustees are based in Watamu and five are based in the United Kingdom, meetings take place via zoom and then minutes are emailed to the group within a few days. Initially the Trustees' meeting took place on a monthly basis until the new Trustees appointed to join the Board became more familiar with their roles and responsibilities and the group had developed close working relationships. There are standing agenda items which include Financial Updates, Governance Issues, and progress reports on the annual Development Plan and annual Quality Improvement Plan. The Director, Non-Executive Director and School Administrator are also members of the local Management Board and they meet on a weekly basis.

## **Activities and Objectives**

The Development Plan 2022 – 2023 had six Key Aims which addressed the Policy Changes, provided for Quality Monitoring and Improvement and also looked at future potential developments. The Key Aims were:

1. To familiarise staff with the new Guidance for Children's Charitable Institutions (CCIs) and implement any new requirements and changes in practice to ensure ongoing Registration of the Happy House.
2. To prepare the Happy House School for the continued rollout of the new Competency Based Curriculum (CBC) in January 2023
3. To agree and implement a Quality Improvement Plan focussing on three key areas – the Trust Board; Quality Audits; Recommendations from the Department of Children's Services Inspections.
4. To prepare and cost an environmental improvement plan, to include buildings, land and vehicles and allocate the appropriate budget.
5. To explore the possibility of developing a facility for Supported Independent Living for children leaving the Happy House at the age of 18.

6. To further develop sporting facilities for the Happy House School (a requirement of the CBC).

As noted, Key Aim 3 was to agree and implement a Quality Improvement Plan 2022 – 2023. The actions in the Improvement Plan included:

- Develop an Information Pack for the new members of the Board of Trustees
- Compile brief Quality Audit checklists covering four identified areas taken from the standards described in The National Standards for Best Practices in Charitable Children’s Institutions 2013.

The four Audit Checklists were:

1. Right to Nutritious and Adequate Food
2. Access to Water, Sanitation and Promotion of Hygiene
3. Children’s Accommodation
4. Fire Risk Assessment and Fire Breakouts

## **Achievements and Performance**

All the Aims listed in the Development Plan have been realised. However, there was a delay in receiving the Re-Registration Certificate due to Departmental problems. Like the majority of CCIs in the area, the local Registration of the Happy House had lapsed and at a recent Malindi Network meeting, it was reported that only 3 out of 17 CCIs had up to date registration. Some members of the Happy House Trustee Board met with the District Director of Children’s Services based in Kilifi to try to expedite the Registration and, despite our efforts, further delays were experienced. In the meantime the Children’s Office continued to refer children to the Happy House and occasional inspections were made. The Quality Audits carried out by Trustees of the Happy House were an attempt to ensure standards were maintained in the absence of a robust monitoring and inspection programme by the Children’s Office. This shortfall was acknowledged in the Kenya National Care System Assessment in July 2020 which noted, “Overall, there is a monitoring mechanism for DCS to do inspections provided for within the Children’s Act, however regular monitoring/inspections per the regulations are not often occurring”.

An Outline Business Case was prepared for the development of Supported Independent Living for children leaving the care of the Happy House and a site was identified and purchased. This had been added to the Register of Assets. A target for 2023 – 2024 is to secure additional funding and build on the site and fund-raising is underway.

The Happy House managed to purchase a plot of land for sporting facilities adjacent to the school and this has also been added to the Register of Assets. The school underwent an Inspection in November 2022 and was successful in being accepted to provide education at Junior Secondary School level under the new CBC as an extension of the existing Primary School and the first pupils started at the end of January 2023. There is a weekly meeting involving the Director, Non-Executive Director, School Manager, Head Teacher and Administrator plus any visiting Trustees to monitor progress and deal with any issues.

In respect of the Quality Improvement Plan, a Trustee information pack with links to useful sites such as the Charity Commission website was circulated to all the Trustees. The four Quality Audits were completed by visiting Trustees during the year with one of them being checked on two occasions. Part of the audit involved talking to both children and staff as well as completing checklists based on direct observations. This proved very useful e.g. the House Aunts raised an issue about the night shift workload so a meeting was held with them to hear their suggestions. This resulted in a new working pattern that was of benefit to both the children and the staff. Involving staff in weekly meetings and taking on board their ideas and suggestions has improved job satisfaction and staff retention. Consistent staffing is vital for the children who have experienced many losses and separations in their lives.

### **Assets and Budget**

Funding comes from established sponsors plus one-off payments as a result of fund-raising activities. Details are included in the Accounts and are monitored by the Board of Trustees. The two new plots of land have been added to the Register of Assets.

### **Challenges and Restraints**

It has been a difficult time financially due to the reduction in tourism because of COVID and also the rise in the cost of living. Visitors frequently visited the Happy House and would have brought toiletries, clothing, books, stationery and sometimes food such as sacks of beans and ugali. The reduction in visitors has meant that the Happy House has had to work within the existing budget while prices continue to rise. However this has started to improve and sponsors have continued to support the Happy House with fund raising events for which we are grateful.

## **Future Plans**

Plans for this year include consolidating the new Junior Secretary School, continuing to fundraise for the development of the Semi Independent Living Accommodation and focussing on preparing the older children for reintegration into the community where possible. Quality Audits will continue to be carried out based on the standards for Charitable Children's Institutions. This will be included in the Development Plan 2023 – 2024 and will be reported on in next year's Trustee Report.

**David Hayward**

**Chairman**

**February 2023**

## Sue Hayward - Happy House

### Annual Report and Financial Statements - Y/E 31/12/2022

At an average exchange rate of 146 Kenyan Schillings to the £ Sterling

#### Income and Expenditure Account - Y/E 31/12/2022

	2022 £	2021 £
Donations Received	153,123	161,972
Less: Expenditure	(158,903)	(168,924)
Operating (Deficit) / Surplus	<u>(5,780)</u>	<u>(6,952)</u>

#### Statement of Reserves

Year ended 31 December 2022

	2022 £	2021 £
Accumulated Fund Balance Brought Forward	209,688	180,891
(Deficit)/Surplus for the Year	(5,780)	(6,952)
Exchange difference	8,597	(5,172)
Prior Year Adjustments		40,921
Accumulated Fund Balance Carried Forward	<u>212,505</u>	<u>209,688</u>

#### Detailed Income and Expenditure Account - Y/E 31/12/2022

	2022	2021
	£	£
Donations Received	72,063	47,302
Other income	81,060	114,670
	<u>153,123</u>	<u>161,972</u>
Expenditure:		
Motor Running Expenditure	15,599	23,442
Telephone, Postage and Internet	2,965	2,887
Repairs and Maintenance	8,054	11,111
Food Programme	23,778	21,532
Water and Electricity	3,004	4,139
Transport	1,360	1,376
Salaries and Wages	77,188	70,448
Director's Expenses	1,302	5,807
Entertainment	582	473
Printing and Stationery	3,777	2,196
Garden Expenses	482	335
Students' Utilities	1,804	1,673
Medical Expenses	441	574
Legal & Expenses	2,581	2,244
Bank Charges	443	325
Security	397	654
Bookkeeping & Accountancy Fees	685	497
Cleaning and Sanitation	365	534
Generator Expenses	0	0
Books and Learning Materials	3,229	8,441
School Fees	2,833	2,562
Rent and rates	959	596
Miscellaneous	133	0
License and permits	131	
Foreign exchange loss	5	
Depreciation	6,806	7,078
	<u>158,903</u>	<u>168,924</u>
(Deficit) / Surplus for the Year	<u>(5,780)</u>	<u>(6,952)</u>

**Sue Hayward - Happy House**  
**Statement of Financial Position - Y/E 31/12/2022**

Closing rate 147

	<u>Notes</u>	2022 £	2021 £
<b>Non-Current Assets</b>			
Property, Plant and Equipment		189,533	162,724
<b>Current Assets</b>			
Cash and Bank	2	17,102	41,646
Other Receivables	3	6,158	5,623
		<u>23,260</u>	<u>47,269</u>
<b>Current Liabilities</b>	4	288	305
<b>Net Assets</b>		<u>212,505</u>	<u>209,688</u>
<b>Financed by:</b>			
<b>Accumulated Funds</b>		<u>212,505</u>	<u>209,688</u>

**Notes to the Financial Statements**

<b>2 Cash and Bank</b>			
Cash in Hand		119	0
Cash at Bank		16,983	41,646
		<u>17,102</u>	<u>41,646</u>
<b>3 Receivables</b>			
Other Receivables		6,158	5,623
		<u>6,158</u>	<u>5,623</u>
<b>4 Current Liabilities</b>			
Other creditors		288	305
		<u>288</u>	<u>305</u>

**CHILDREN OF WATAMU**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2022**

Children of Watamu

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Children of Watamu

**Report of the Board of Trustees**

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

**REGISTERED NAME**

Children of Watamu  
Charity No. 1098731  
United Kingdom.

**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

Children of Watamu

**Report of the Board of Trustees (continued)**

Children of Watamu 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 four times a year. The chairperson 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.

The Board of Trustees have given assurance of their continued support to the organisation for the foreseeable future. Based on this, the Board of Trustees have considered it appropriate to prepare these financial statements on a going concern basis.

**Board of Trustees**

- Ms. R. Pendo
- 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 2022 and of its operating results for the year then ended.

The Board of Trustees have 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 Children of Watamu**

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 2022 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**

..... 2023

Children of Watamu  
Income and Expenditure Account  
For the year ended 31 December 2022

	2022	2021
	<u>Shs.</u>	<u>Shs.</u>
Donations received	22,355,898	24,457,703
Less: Expenditure	(23,199,785)	-25,507,476
Operating deficit	(843,887)	(1,049,773)

Statement of Reserves

Accumulated fund balance brought forward	32,082,128	38,096,676
Prior year adjustment	-	(4,964,775)
Deficit for the year	(843,887)	(1,049,773)
Accumulated fund balance carried forward	31,238,240	32,082,128

Children of Watamu  
Statement of Financial Position  
As at 31 December 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		<u>Shs.</u>	<u>Shs.</u>
<b>Non-current assets</b>			
Property, plant & equipment	2	27,861,306	24,896,755
<b>Current Assets</b>			
Cash and bank	5	2,513,988	6,371,803
Other receivables	4	905,253	860,263
		<u>3,419,241</u>	<u>7,232,066</u>
Current liabilities	6	42,307	46,693
<b>Net assets</b>		<u>31,238,240</u>	<u>32,082,128</u>
<b>Financed by:</b>			
Accumulated funds		<u>31,238,240</u>	<u>32,082,128</u>

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

.....  
**Chairperson**

.....  
**Secretary**

.....  
**Treasurer**

Children of Watamu  
Statement of Cash Flows  
Year ended 31 December 2022

	2022 Shs	2022 Shs	2021 Shs	2021 Shs
<b>Operating activities</b>				
Deficit for the year		(843,887)		(1,049,773)
Adjustments for:				
Prior year adjustment		-		(4,964,775)
Depreciation		993,634		1,068,831
Operating surplus/(deficit) before working capital changes		149,747		(4,945,718)
- other payables	(4,386)		13,623	
- other receivables	(44,990)	(49,376)	(35,060)	(21,437)
Cash generated from/(used in) operations		100,371		(4,967,155)
Income taxes paid		-		-
Net cash generated from/(used in) operating activities		100,371		(4,967,155)
<b>Investing activities</b>				
Purchase of property, plant & equipment (Note 1)		(3,958,185)		(158,185)
		(3,958,185)		(158,185)
<b>Financing activities</b>				
Net receipts during the year		-		11,143,831
Net cash from financing activities		-		11,143,831
<b>Net movement in cash &amp; cash equivalents</b>		(3,857,814)		6,018,491
Cash & cash equivalents at start of year		6,371,803		353,311
<b>Cash &amp; cash equivalents at end of year (Note 3)</b>		2,513,988		6,371,803

Children of Watamu  
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) Other notes**

- (i) Food program - The amount of Shs. 3,471,564 relates to students' meals.
- (ii) Entertainment - The amount of Shs. 84,980 relates to students' recreation and trips expenses.
- (iii) Students' utilities - The amount of Shs. 263,373 relates to students' personal effects, e.g. sanitary pads.

**(f) Comparatives**

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

**2. Property, plant & equipment**

	Land & Building	Motor Vehicles	Motor Bikes	Furniture & Fittings	Machinery & Equipment	Green House	Comput & Accesso
		25.0%	12.5%	12.5%	12.5%	12.5%	30.0%
<b>Year ended 31 December 2022</b>							
<b>Cost:</b>							
As at 1 January 2022	22,916,453	7,804,600	95,000	3,291,914	3,310,764	1,540,000	674,
Additions	3,800,000	-	-	158,185	-	-	
Disposals	-	(1,374,600)	-	-	-	-	
As at 31 December 2022	<u>26,716,453</u>	<u>6,430,000</u>	<u>95,000</u>	<u>3,450,099</u>	<u>3,310,764</u>	<u>1,540,000</u>	<u>674,</u>
<b>Depreciation:</b>							
As at 1 January 2022	3,006,602	7,166,120	66,438	1,273,481	1,531,919	1,076,987	646,
On disposal	-	(1,374,600)	-	-	-	-	
Charge for the year	<u>269,836</u>	<u>159,620</u>	<u>3,570</u>	<u>272,077</u>	<u>222,356</u>	<u>57,877</u>	<u>8,</u>
As at 31 December 2022	<u>3,276,439</u>	<u>5,951,140</u>	<u>70,008</u>	<u>1,545,558</u>	<u>1,754,275</u>	<u>1,134,864</u>	<u>654,</u>
<b>Net book value:</b>							
As at 31 December 2022	<u>23,440,014</u>	<u>478,860</u>	<u>24,992</u>	<u>1,904,541</u>	<u>1,556,490</u>	<u>405,136</u>	<u>19,</u>
As at 31 December 2021	<u>19,909,851</u>	<u>638,480</u>	<u>28,562</u>	<u>2,018,433</u>	<u>1,778,846</u>	<u>463,013</u>	<u>27,</u>

Children of Watamu  
Notes to the Financial Statements

	<b>2022</b>	<b>2021</b>
	<u>Shs.</u>	<u>Shs.</u>
<b>3. Donations</b>		
Foreign donations	10,521,225	7,142,587
Local donations/other income	11,834,673	17,315,116
	<u>22,355,898</u>	<u>24,457,703</u>
<b>4. Receivables</b>		
Other Receivables	905,253	860,263
	<u>905,253</u>	<u>860,263</u>
<b>5. Cash and Bank</b>		
Cash in hand	17,525	30
Cash at bank	2,496,463	6,371,773
	<u>2,513,988</u>	<u>6,371,803</u>
<b>6. Current Liabilities</b>		
Other creditors	42,307	46,693
	<u>42,307</u>	<u>46,693</u>

**7. Country of incorporation**

The organization, Sue Haywad's - Happy House was incorporated in Kenya under the NGO's Co-ordinating Act 1990, in 2008. The registered name of the organisation in The United Kingdom is Children of Watamu, registration number 1098731.

**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.

Children of Watamu  
Detailed Income and Expenditure Account  
Year ended 31 December 2022

	2022	2022	2021	2021
	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>
Donations received		10,521,225		7,142,587
Other income		11,834,673		17,315,116
		22,355,898		24,457,703
<b><u>Expenditure:</u></b>				
Motor running expenses	2,277,417		3,539,680	
Telephone, postage & internet	432,945		435,910	
Repairs & maintenance	1,175,845		1,677,769	
Food program	3,471,564		3,251,373	
Water & electricity	438,597		624,964	
Transport	198,495		207,750	
Salaries & wages	11,269,438		10,637,704	
Director's expenses	190,131		876,811	
Entertainment	84,980		71,458	
Printing & stationery	551,414		331,578	
Garden expenses	70,440		50,560	
Students' utilities	263,373		252,614	
Medical expenses	64,385		86,675	
Bank charges	64,713		49,073	
Security	58,000		98,800	
Bookkeeping & Accountancy fees	100,000		75,000	
Cleaning & Sanitation	53,270		80,700	
Books & learning material	471,435		1,274,606	
Legal & professional fees	376,797		338,830	
School fees	413,666		386,790	
Rent and rates	140,000		90,000	
License and permits	19,055		-	
Foreign exchange loss	679		-	
Miscellaneous	19,511		-	
Depreciation	993,634	(23,199,785)	1,068,831	(25,507,476)
Deficit for the year		(843,887)		(1,049,773)

## Auditors' Report

### Report of the Independent Auditors to the board of trustees of Children of Watamu

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 2022 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**

25th April / 2023