

LIFELINE GEDO (LLG)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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ORGANISATION INFORMATION

Board of Directors	Ismail Abdi Barre	Chairperson
	Dagane Abdirahman Aden	Treasurer
	Abdifatah Ahmed Mohamud	Secretary
	Mohamed Aden Barre	Member
	Timira Diriye Gurhan	Member
	Mohamed Abdi Osman	Member
	Abdiwahab Bulle Hussein	Member
Senior Management	Abdifatah Ahmed Mohamud	Executive Director
	Osman Mohamed Abdullahi	Head of Programs
	Abdullahi Mohamed Bashir	Finance and Administration Officer
Location	Gedo Region Somalia	
Independent Auditor	Peter Scotts & Associates Certified Public Accountants P.O. Box 8843 - 00300, Nairobi Nairobi, Kenya	
Principle Banker	Salaam Bank Mogadishu Somali	

REPORT OF THE DIRECTORS

The Board of Directors submits the audited Financial Statements for the year ended 31 December 2021, which disclose the state of affairs of the organisation.

Registration

Lifeline Gedo (LLG) is a not-for-profit making which was established in 2005 and was registered with Federal Government of Somalia and Jubaland Administration as a local Non-Governmental Organisation and in Kenya with the NGO Coordination Board. It covers Southern and Central Somalia in its humanitarian

Principal activities

LLG's purpose is also to help establish a peaceful, just, resilient and prosperous communities in Somalia and to reduce community vulnerability and structural marginalization to overcome absolute poverty and achieve socio-economic justice through equitable humanitarian and sustainable development programs

LLG Focuses its initiatives on the following sectors:

- Water, sanitation and hygiene
- Agriculture, Food Security and livelihood
- Education, advocacy and community empowerment
- Peace building

Financial results

	2021	2020
	USD	USD
Surplus (Deficit) for the year transferred to Accumulated Fund	<u>(10,828)</u>	<u>(22,553)</u>

Directors

The directors who held office during the year and to the date of this financial report are set out on page 1.

Statement as to disclosure to the Organisation's auditor

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

- (a) there is, so far as the person is aware, no relevant audit information of which the Organisation's auditor is unaware; and
- (b) the person has taken all the steps that the person ought to have taken as a Director so as to be aware of any relevant audit information and to establish that the Organisation's auditor is aware of that information.

Terms of appointment of the auditor

Peterscotts and associates' was appointed in accordance with the Article 16.2 (c) of the Organisation's Financial and Operations Manual. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to Statement of Profit or Loss and Other Comprehensive Income.

By order of the board

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 Director

Somalia 01/04/2022 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare Financial Statements for each financial year that give a true and fair view of the financial position of the Organisation as at the end of the financial year and of its surplus or deficit for that year. The Directors are also required to ensure that the Organisation maintains proper accounting records that are sufficient to show and explain the transactions of the Organisation and disclose, with reasonable accuracy, the financial position of the Organisation, and enable the Directors to ensure that every financial statement required to be prepared complies with the requirements of Somalia laws.

The Directors accept their responsibility for the preparation and presentation of these Financial Statements in accordance with International Public Sector Accounting Standards. The Directors also accept their responsibility for:

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

Having made an assessment of the Organisation'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 Organisation'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 on01/04..... 2022 and signed on its behalf by:

Executive Director



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LIFELINE GEDO

Opinion

We have audited the financial statements of Lifeline Gedo, set out on pages 6 to 11 which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Profit or Loss and Other Comprehensive Income, Statements of Changes in Accumulated Fund and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Lifeline Gedo as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards and Somalia laws.

Basis of 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 Organisation 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 Somalia, 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 Board of Directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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 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, 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.

Responsibilities of Board of Directors and those charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements that give a true and fair status view in accordance with International Public Sector Accounting Standards and Somalia laws, 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 Organisation'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 Organisation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

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.



PETER SCOTTS & ASSOCIATES

REPORT OF THE INDEPENDENT AUDITOR (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation'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 Director'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 Organisation'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 the auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Organisation's audit. We remain solely responsible for our audit opinion.
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that they may reasonably be thought to bear on our independence, and where applicable, related safeguards.


Report on legal and other matters

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

As required, we report to you based on our audit, 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 Organisation, in so far as appears from our examination of those books; and
- iii) the Organisation's Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Peterson Irungu P/No 2126.


Peter Scotts & Associates
Certified Public Accountants
Nairobi, Kenya



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2021 USD	2020 USD
Revenue	2	1,090,477	1,227,443
Expenses	3	<u>(1,101,305)</u>	<u>(1,249,996)</u>
Surplus		<u>(10,828)</u>	<u>(22,553)</u>

STATEMENT OF FINANCIAL POSITION

	Notes	2022 USD	2021 USD
Non-Current Assets			
Property plant and equipment		22,148	5,254
Current assets			
Cash and cash equivalents	4	11,934	21,533
Accounts receivable		4,715	-
Total current assets		16,649	21,533
Total assets		38,797	26,787
REPRESENTED BY			
Reserves			
Capital fund account		28,093	5,254
General fund account		10,204	21,033
Reserves attributable to the owners		38,297	26,287
Current liabilities			
Other payables	5	500	500
Total current liabilities		500	500
Total reserves and liabilities		38,797	26,787

The Financial Statements on pages 6 to 11 were approved and authorised for issue by the board of Directors on 01/04/2022 and were signed on its behalf by:



 Executive Director



 Finance and Administration Officer

STATEMENT OF CHANGES IN ACCUMULATED FUND

	Capital Fund USD	General fund USD	Total USD
As at 1 January 2020	6,358	43,585	49,943
Amortisation	(1,103)	-	(1,103)
Surplus (Deficit) for the year		(22,553)	(22,553)
As at 31 December 2020	<u>5,255</u>	<u>21,032</u>	<u>26,287</u>
As at 1 January 2021	5,255	21,032	26,287
Amortisation	-	-	-
Surplus (Deficit) for the year	22,838	(10,828)	12,010
As at 31 December 2021	<u>28,093</u>	<u>10,204</u>	<u>38,297</u>

STATEMENT OF CASH FLOWS

	Notes	2022 USD	2021 USD
Surplus for the year		(10,828)	(22,553)
Depreciation/ Amortisation		5,945	-
Operating profit before working capital changes		(4,884)	(22,553)
Decrease / (increase) in:			
Trade and other receivables		(4,715)	-
Trade and other payables		-	-
Net cash (used in) / generated from operating activities		(9,599)	(22,553)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Net cash (used in) investing activities		-	-
Cash flows from financing activities			
Members contribution		-	-
Directors Account		-	-
Net cash generated from / (used in) financing activities		-	-
Movement in cash and cash equivalent			
At the start of the year		21,532	44,085
Increase in cash and cash equivalents		(9,598)	(22,553)
At the end of the year		11,934	21,532

NOTES TO THE FINANCIAL STATEMENTS**1 Basis of preparation**

These financial statements have been prepared on a going concern basis and in compliance with the International Public Sector Accounting Standards. The financial statements are presented in United States Dollar (USD). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

(a) Revenue recognition

Revenue comprises of (i) the fair value of the consideration received or receivable on interest from bank (ii) the fair value of the consideration received or receivable on subscriptions and (iii) grants received from donors.

Grant from donor is recognised when received.

Revenue from interest from bank and member subscriptions is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

(b) Expense recognition

Expenses are recognised when incurred.

(c) Cash and cash equivalent

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included within borrowings in current liabilities.

(d) Other payables

Other payables are initially recognised at their original amounts and subsequently at fair value.

(e) Equipment

Property and equipment are stated at cost used in financing the purchase of the related asset and the related accumulated depreciation. All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and make its condition ready for its intended use.

Depreciation has been calculated on a straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Motor vehicles	30
Office equipment	25
Computers	30
Furniture and fittings	12.5

2 Revenue

	2021	2020
	USD	USD
Building resilience communities in Somalia (BRCiS III)	916,210	1,090,495
Start Fund project	53,210	-
SHF	17,170	-
CEO Fund	20,400	-
GFFO	42,089	-
EU	-	21,547
DFID	-	115,401
Members Contribution	41,348	-
Total	1,090,427	1,227,443

3 Expenses

Personnel cost	265,311	285,793
Program cost	730,219	859,753
Transport Cost	53,060	53,040
Office Rent	22,000	18,750
Office Utility	8,752	8,750
Office Internet	8,375	9,320
Office stationery	4,365	5,690
Travel and accomodation Cost	9,224	8,900
	1,101,305	1,249,996

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Property, plant and equipment

	Motor Vehicle USD	Computers USD	Furniture and office equipment USD	Total USD
For the year ended 31 December 2020				
Cost or valuation				
At 1 January 2020	-	3,600	6,000	9,600
Additions	-	7,200	15,638	22,838
At 31 December 2020	-	10,800	21,638	32,438
Depreciation				
Accumulated depreciation 1 January 2020	-	1,836	1,406	3,242
Charge for the year	-	529	574	1,103
At 31 December 2020	-	2,365	1,980	4,345
Net Book Value				
At 31 December 2020	-	8,435	19,658	28,093

For the year ended 31 December 2021				
Cost or valuation				
At 1 January 2021	-	10,800	21,638	32,438
Additions	-	-	-	-
At 31 December 2021	-	10,800	21,638	32,438
Depreciation				
Accumulated depreciation 1 January 2021	-	2,365	1,980	4,345
Charge for the year	-	3,240	2,705	5,945
At 31 December 2021	-	5,605	4,685	10,290
Net Book Value				
At 31 December 2021	-	5,195	16,953	22,148

	2021 USD	2020 USD
5 Cash and cash equivalents		
Salaam Bank CWW	11,389	21,533
Salaam Bank ACF	545	-
Pety cash	-	-
	<u>11,934</u>	<u>21,533</u>
6 Other payables		
Office rent	<u>500</u>	<u>500</u>
7 Receivables		
Income receivable	<u>4,715</u>	<u>-</u>

8 Comparatives

Comparative figures for the previous period included in the financial statements