

FOUNTAIN OF LIFE LIMITED
(Limited by Guarantee)
FINANCIAL STATEMENTS
31 DECEMBER 2016

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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STATEMENT OF BOARD'S RESPONSIBILITIES OF

**ON THE FINANCIAL STATEMENTS OF
FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Companies Act requires the Board of Fountain of Life Ltd to prepare financial statements for each financial year 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.

The Board are also required to ensure that proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation are kept and to ensure that the financial statements comply with the financial agreements and statutes.

In preparing the financial statements, trustees accept responsibility for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and applying them consistently;
- making judgment and estimates that are reasonable and prudent;
- compliance with applicable accounting standards when preparing financial statements, subject to any material departures being disclosed and explained in the consolidated financial
- preparation of the financial statements on a going concern basis.

The Board also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The Board are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation and of its operating results.

The financial statements have been approved by Board on ...27/06/2017... and are signed on its behalf by:



CHAIRMAN



COUNTRY DIRECTOR

**AUDITOR'S REPORT TO THE MEMBERS OF
FOUNTAIN OF LIFE LIMITED**

**ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Opinion

We have audited the financial statements of the Fountain of Life Limited, which comprise the statement of financial position as at 31 December 2016, and the income statement, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Fountain of Life Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Companies Act, 2013.

Basis for Qualified Opinion

We have not been able to confirm completeness of income received from the UNICEF in absence of funding confirmation.

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) and we have fulfilled our ethical responsibilities in accordance with 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 management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in a manner required by the Companies Act 2013 and for such internal control as management determines 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, management is 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 company either intends to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the company's financial reporting process.

**AUDITOR'S REPORT TO THE MEMBERS OF
FOUNTAIN OF LIFE LIMITED**

**ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company'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.
- 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 a true and fair view.

**AUDITOR'S REPORT TO THE MEMBERS OF
FOUNTAIN OF LIFE LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Auditor's responsibilities for the audit of the financial statements - continued

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Institute to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Cornwell Banda.

Firm's signature: Graham Carr

Partner's signature: ANCW

Graham Carr
Nexia International
Chartered Accountants (Malawi)
2nd Floor ADL House
City Centre
P O Box 898
Lilongwe

Date: 30th June 2017

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 MK	2015 MK
Revenue			
Funding received	4	70,840,281	17,631,689
Other income	5	1,721,355	867,597
Total revenue		<u>72,561,636</u>	<u>18,499,286</u>
Expenditure			
General running costs	Appendix	34,875,939	13,193,406
Programme expenses	Appendix	22,556,744	2,054,854
Total expenditure		<u>57,432,684</u>	<u>15,248,260</u>
Surplus for the year		<u>15,128,952</u>	<u>3,251,026</u>

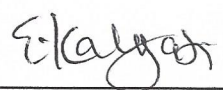
*The notes on pages 9 to 15 form part of these financial statements
Auditor's report - pages 2 - 4*

FOUNTAIN OF LIFE LTD (A company limited by Guarantee)

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 MK	2015 MK
ASSETS			
Non current assets			
Property, plant and equipment	6	2,111,082	144,584
Current assets			
Prepayments	7	1,969,905	1,075,684
Cash and cash equivalents	8	25,457,282	11,404,345
Total current assets		<u>27,427,187</u>	<u>12,480,029</u>
TOTAL ASSETS		<u><u>29,538,269</u></u>	<u><u>12,624,613</u></u>
FUNDS AND LIABILITIES			
Funds			
Capital fund	9	-	117,313
Accumulated fund	10	27,753,565	12,446,760
Total funds		<u>27,753,565</u>	<u>12,564,073</u>
Current liabilities			
Payables	11	1,784,704	60,540
TOTAL FUNDS AND LIABILITIES		<u><u>29,538,269</u></u>	<u><u>12,624,613</u></u>

The financial statements were authorised for issue by the Board on 27/06/2017 and are signed on their behalf by:



CHAIRMAN



COUNTRY DIRECTOR

*The notes on pages 9 to 15 form part of these financial statements
Auditor's report - pages 2 - 4*

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Accumulated fund MK	Capital fund MK	Total MK
Balance as at 1 January 2015	8,727,631	585,417	9,313,048
Surplus for the year	3,251,025		3,251,025
Transfer from capital fund-depreciation on donated assets	468,104	(468,104)	-
Balance as at 31 January 2015	12,446,760	117,313	12,564,073
Surplus for the year	15,128,952	-	15,128,952
Transfer from capital fund-depreciation on donated assets	117,313	(117,313)	-
Prior year adjustment*	60,540	-	60,540
Balance at 31 December 2016	<u>27,753,565</u>	<u>-</u>	<u>27,753,565</u>

* Prior year adjustment relates to March 2014 pension that was remitted but was erroneously accrued

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS (STATEMENT OF SOURCE AND APPLICATION OF FUND FOR THE YEAR ENDED 31 DECEMBER 2016)

	Note	2016 MK	2015 MK
Cash flows from operating activities			
Surplus for the year		15,128,952	3,251,026
Prior year adjustment		60,540	-
Depreciation	6	630,122	468,333
Interest received		(67,815)	(5,006)
Operating cash flows		<u>15,751,799</u>	<u>3,714,353</u>
Movement in working capital			
Increase in amounts receivable		(894,220)	(283,432)
Increase in amounts payable		1,724,164	-
Net cash from operating activities		<u>16,581,743</u>	<u>3,430,921</u>
Investing activities			
Purchase of fixed asset	6	(2,596,620)	(27,500)
Interest received		67,815	5,006
Net cash used in investing activities		<u>(2,528,805)</u>	<u>(22,494)</u>
Increase in cash and cash equivalents		14,052,938	3,408,427
Opening cash and cash equivalents		<u>11,404,345</u>	<u>7,995,918</u>
Cash and cash equivalents at the end of the year	8	<u><u>25,457,283</u></u>	<u><u>11,404,345</u></u>

The notes on pages 9 to 15 form part of these financial statements

Auditor's report - pages 2 - 4

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

Fountain of Life Ltd is a non profit making company limited by guarantee which has its operation base in the central region of Malawi (Lilongwe). Fountain of Life Ltd was registered in 2011, however the company became full operational in 2014.

The company's primary purpose is to ensure that effective and comprehensive assistance is made available to victims of sexual assault. The company believes that it is possible to develop and establish effective specific solutions and interventions enabling people who have been raped or sexually abused to go through a holistic healing process with access to all the assistance they need in order to return to full mental, emotional, physical and spiritual health.

Fountain of Life Ltd is involved in a One Stop Centre (OSC) at Queens Elizabeth Hospital in Blantyre and another at Kamuzu Central Hospital (KCH) in Lilongwe where the victims of all kinds of trauma receives the services they need.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS/ (IFRSs)

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial

In the current year, the company has adopted those new and revised standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are affective for annual periods beginning on 1 January 2015.

2.2 Standards and Interpretations in issue, not yet effective

At the date of preparing these annual financial statements, the following relevant Standards and Interpretations were in issue but are not yet effective:

2.1. IFRS 16- Leases- Accounting for leases (effective for annual periods beginning on or after 1 January 2019).

2.2. IFRS 15 - Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).

The directors anticipated that these Standards and Interpretations in future periods will have no significant impact on the annual financial statements of the company.

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the company, which are set below have been consistently followed in all material respects. The following are the accounting policies adopted by the company and used consistently in the preparation of its financial statements.

3.1 Statement of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards.

3.2 Accounting convention

The financial statements are prepared in terms of the historical cost convention.

No other procedures are adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

3.3 Revenue

Funding is stated gross at the Malawi Kwacha bank buying exchange rate ruling at the date of receipt.

Interest is interest receivable from the bank accounts held by the company.

3.4 Plant and equipment

(i) Initial recognition

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

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately including major inspection and overhaul expenditure is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense when incurred.

(iii) Depreciation

Depreciation is calculated on the straight line basis at rates that will reduce cost of assets to estimated residual values over the anticipated useful lives of the assets. The estimated useful lives, residual value and depreciation rates are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

(iv) Impairment

At each balance sheet date, the Programme reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

At each balance sheet date, the Programme reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimated of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of an impairment loss is recognised as income immediately.

The gain or loss arising on the disposal or retirement of an item or property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income statement.

3.5 Bad debts and doubtful debts

Provisions are made on specific debts considered doubtful of recovery. No provisions were made in the year under review.

3.6 Foreign currency transactions

Transactions in foreign currency are translated into Malawi Kwacha at the rate of exchange ruling at the transaction date. Balances denominated in foreign currencies are translated into Malawi Kwacha at the rate of exchange ruling at the reporting date.

3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with bankers.

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016****3.8 Related party transactions**

The Programme transacts a proportion of its business on arm's length basis with related parties and these are disclosed separately in the notes to the financial statements. The Programme discloses the nature of related party relationships, type of transaction(s) and the element of the transactions necessary for a proper understanding of the financial statements.

4 FUNDING RECEIVED

		2016	2015
		MK	MK
Emergency Relief and Development Overseas(ERDO)	USD 3,817	2,745,975	5,991,784
Segal Family Foundation	USD19,719	14,089,200	5,469,900
Pentecostal Assemblies of Canada	CAD 9,834	546,141	2,187,204
Pentecostal Assemblies of Canada	USD 2,275	1,636,275	-
Anonymous Donor-Proxy (V Keelan)	USD15,000	10,478,398	3,043,800
City Pentecostal Church	-	-	780,000
ELMA	USD11,000	7,820,310	-
ELMA		7,898,000	-
UNICEF		25,425,983	-
Other donations through V. Kelaan		200,000	159,000
		<u>70,840,281</u>	<u>17,631,689</u>

ERDO is a registered charity by the Income Tax Act of Canada. It receives funds that are as a result of fundraising in Canada for the work of Fountain of Life Ltd.

5 OTHER INCOME

Exchange gain		1,653,540	862,592
Interest received		67,815	5,005
		<u>1,721,355</u>	<u>867,597</u>

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

6 PROPERTY, PLANT AND EQUIPMENT

	Equipment	Furniture & fittings	Total
Cost			
As at 01/01/15	630,000	775,000	1,405,000
Additions	-	27,500	27,500
As at 31/12/15	630,000	802,500	1,432,500
Additions	2,201,820	394,800	2,596,620
As at 31/12/16	2,831,820	1,197,300	4,029,120
Depreciation			
As at 01/01/15	367,500	452,083	819,583
Charge for year	210,000	258,333	468,333
As at 31/12/15	577,500	710,416	1,287,916
Charge for year	462,085	168,037	630,122
As at 31/12/16	1,039,585	878,682	1,918,038
Carrying amounts			
As at 31/12/16	1,792,235	318,618	2,111,082
As at 31/12/15	52,500	92,084	144,584

These assets were donated in April 2013 and the values used are estimated and are depreciated over three years.

	2016 MK	2015 MK
7 PREPAYMENTS		
Rentals	1,644,747	1,022,288
Insurance	64,992	53,396
CONGOMA fees and internet subscription	260,166	-
	1,969,905	1,075,684

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	MK	MK
8 CASH AND CASH EQUIVALENTS		
FCD-CAD account	-	8,857,950
FCD-USD account	22,794,154	1,988,155
FCD-Euro Account	118,060	117,156
Malawi Kwacha account	2,387,032	417,551
Petty cash	158,036	23,533
	<u>25,457,282</u>	<u>11,404,345</u>
9 CAPITAL FUND		
Opening balance	117,313	585,417
Transfer to general fund-Depreciation on donated assets	(117,313)	(468,104)
	<u>-</u>	<u>117,313</u>
10 ACCUMULATED FUND		
Opening balance	12,446,760	8,727,631
Surplus for the year	15,128,952	3,251,025
Transfer from Capital Fund-Depreciation on donated assets	117,313	468,104
Prior year adjustment	60,540	-
	<u>27,753,565</u>	<u>12,446,760</u>
11 PAYABLES		
Accrued expenses	118,754	60,540
Audit fees provision	1,665,950	-
	<u>1,784,704</u>	<u>60,540</u>

12 CAPITAL COMMITMENTS

The company had no capital commitments as at 31 December 2016 (2015:nil).

13 CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 2016 (2015:nil).

14 SUBSEQUENT EVENTS

There were no subsequent events which needed disclosure or adjusting the financial statements.

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

15 EXCHANGE RATES AND INFLATION

The average of the period end buying and selling rates of the major foreign currencies affecting the performance of the company are stated below, together with the increase in the National Consumer Price index, which represent an official measure of inflation.

	2016	2015
	MK	MK
Kwacha/ GBP	889.2389	988.0790
Kwacha/ US Dollar	724.0770	662.1620
Kwacha/Euro	763.1047	723.5842
Kwacha/ Rand	53.3229	43.2110
Inflation rate	20.0%	25.5%

At the time of signing the financial statements the exchange rates were as follows:

Kwacha/ GBP	936.7604	932.4368
Kwacha/ US Dollar	725.6548	719.3618
Kwacha/ Rand	55.2429	51.5302

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**APPENDIX TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

*The following page does not form part of the financial
statements*

FOUNTAIN OF LIFE LTD (A Company Limited by Guarantee)

**APPENDIX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Appendix

	Budget 2016 MK	Actual 2016 MK	Actual 2015 MK
General running costs			
Personnel FOL HQ Costs	20,453,792	13,951,757	4,426,360
Communications,Phones and Internet	1,764,000	1,878,111	1,133,798
Other Current Working Costs	9,132,000	7,638,621	4,465,353
Miscellaneous Office Supplies	1,020,000	267,231	184,695
Equipment rental/maintenance	720,000	232,023	52,500
General Meetings	720,000	668,105	899,341
Motor vehicle service/ repairs/insurance	2,310,000	803,500	533,415
Motor vehicle fuel	720,000	597,200	175,000
Travel/logistics & volunteer counsellors- support, airtime, transport	2,220,000	2,335,900	854,382
Audit fees (2013-2015)	-	4,207,420	-
Audit fees current year	-	1,665,950	-
Depreciation-Owned assets	-	513,038	229
Donated assets	-	117,083	468,333
Sub-total	39,059,792	34,875,939	13,193,406
Programme expenses			
Resources for Supporting Victims i.e. Comfort Packs	4,584,000	534,661	186,289
Education & Awareness Campaigns	795,000	5,545,966	915,200
Counselling through One Stop Centre	30,360,000	12,959,686	888,865
Lay Counsellor Training	5,475,000	2,416,927	-
Development of Resource Library	894,000	1,099,505	64,500
Sub-total	42,108,000	22,556,744	2,054,854
Total expenditure	81,167,792	57,432,684	15,248,260