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<b>ACRONYMS</b>	<b>DESCRIPTION</b>
CA .....	Child Africa
LPO.....	Local Purchase Order
NGO.....	Non Government Organisation
NSSF.....	National Social Security Fund
PAYE.....	Pay As You Earn
SCB.....	Standard Chartered Bank
URA.....	Uganda Revenue Authority

## ORGANISATION INFORMATION

**NAME** Child Africa  
**LOCATION** National Office  
Plot 1908/9 Mitala, Kasanga  
P. O. BOX 22232, KAMPALA  
**Email:** [uganda@childafrica.org](mailto:uganda@childafrica.org)

<b>BOARD OF DIRECTORS</b>	Mr. Rino Solberg	Chairman
	Ms. Julie Solberg	Managing Director
	Mr. Kenneth Omoding	Secretary
	Mr. Firoz Khan	Treasurer
	Mr. Jean Paul Deprins	Member
	Mr. Isaac Tusiime	Member
	Ms. Amy Hartmann	Member
	Ms. Barabara Kyomugisha	Member
	Ms. Zainab Abdulrahman	Members
	Mr. Muwanga Willy	Member

**BANKERS** Standard Chartered Bank  
DFCU Bank  
Centenary Bank  
Bank of Baroda

**AUDITORS** KAL Associates  
Certified Public Accountants  
Plot 61-67 JP Plaza Nkrumah Road  
P .O. Box 20084  
Kampala  
E-Mail- [kalassociates@yahoo.com](mailto:kalassociates@yahoo.com), [pkasango\\_55@yahoo.co.uk](mailto:pkasango_55@yahoo.co.uk)

## **Introduction and Background.**

Child Africa is a designated non-profit child centered development organization founded and established in 1991 by Rino and Julie Solberg, who have been living and doing business in East Africa for a number of years. Since then, Child Africa has been working in Uganda helping poor, needy and disadvantaged children to access the right to quality education and care, health, protection and participation. Child Africa has helped approximately 10,000 children, their families and communities in different parts of East Africa over the years. In Uganda, projects and Child Africa schools are located in Central and Western Regions. However, other children are supported at different levels including pre-primary, primary, secondary, vocational and university in other districts around the country. While in Kenya, we have helped build and renovate schools in Kiambere and Mboti regions. With support from sponsor parents around the world, Child Africa will be able to help tens of thousands of children in the years to come.

## **Our Difference:**

We take a personalized, child centered, community led approach to development. We are transparent, cherishing integrity and honesty, seeking long-term impact. We are a catalyst for transformation through child development not charity. We seek to create long-term impact through increasing access to quality education and development for children.

For more information about Child Africa, please visit our web site at [www.childafrica.org](http://www.childafrica.org) or come to our offices on Plot 1908/9 Mitala Road, Kansanga, Kampala or Contact our Managing Director-Julie Solberg on 256 752896205/711896205

## **Our Work Approach.**

Children are at the heart of everything we do. We work with children, their families, community organisations, faith based institutions and local governments to transform the lives of the children themselves and the communities that surround them

## **The Bingwa Magazine.**

Child Africa also supports child right based programs and the fight against corruption through the production of the "Bingwa Magazine" (Champion), which is distributed FREE to over 1000 schools in East Africa each getting 5 copies per term, and introduces to young children the spirit and culture of **honesty and integrity** that will strengthen the fight of corruption against upcoming leaders, which further underpins the organization's vision and mission.

## Organization's Strategic Statements.

### Vision:

To help millions of children get quality education and teach Honesty and Integrity as a tool to fight poverty and corruption.

### Mission:

To guide, encourage and inspire the children of Africa to be champions of integrity in order to eradicate corruption by:

- Teaching **HONESTY AND INTEGRITY** as a formal subject in all our schools as a tool to fight poverty and corruption and expect to be one of the leading schools in academic standards in all the countries where we are established.
- Developing a reading culture in children by publishing a children magazine "**BINGWA**" for free distribution of 5 copies to as many schools as we can afford every term.
- Building and running the following types of educational institutions in Africa:
  - Nursery schools
  - Primary schools
  - Secondary schools
  - Vocational Schools
  - Universities
- Enabling deprived children, their families and their communities to meet their basic needs and to increase their ability to participate in and benefit from their societies
- Promoting the rights and interests of the world's children.
- Being the best children's organization in communication between children and their sponsors.
- Letting the monies given from sponsors to children go only to children related work and not to administration of Child Africa in general.
- Covering all administrative costs from other sources than what is given from sponsors to children.
- Trying to find the children that need help the most.
- Apart from top management, we will only use local workers for our projects in each country.
- Building and running our own schools in Uganda.
- Working together with the government in each country we are in.
- Following up our children and give them special training after school.
- Teaching our children how to be self-sufficient in their life.
- Trying to maximize the effect of our help programs.

## Organisation's Strategic Objectives.

- a. Providing education and development for needy children and orphans.
- b. Providing welfare and opportunities for the needy children and orphans.

- c. Linking sponsors to children through the website.
- d. Building and managing child centers and schools for our children
- e. Supporting other organizations of similar nature
- f. Development and Publishing of educational materials
- g. Strengthening health of the children, their families and the communities
- h. Empowering people living in poverty
- i. Protecting the environment in which the children grow
- j. Enhancing the protection and participation of children in all matters which affect them
- K. To equip less privileged children with life and leadership skills to enable them live healthier, productive and responsible lives.
- L. To create opportunities for less privileged children to access self or gainful employment.
- M. Incorporate deaf children in our schools, when possible.

**Our core values:**

- Honesty and integrity.
- Hard work, going the extra mile.
- Respect for diversity.
- Fairness, Equity and Justice
- Solidarity with the poor.
- Respect for the rights of children
- Team Work.

**ACTIVITIES**

Child Africa undertakes Child Sponsorship as the Core Activity of the organization; supporting children right from pre-school through primary, secondary, vocational and up to University level. The organisation believes education provides knowledge and skills for development and growth of an individual and that a well-educated population lives in social harmony.

The table below shows the children who were sponsored in the various categories;

<b>Kampala</b>	<b>Equator</b>	<b>Kabale</b>
1 Not yet in school	1 Not yet in school	2 Not yet in school
25 Primary	104 Primary	208 Primary
13 Secondary	20 Secondary	126 Secondary
7 University	6 University	30 University

The major activities included among others:-

- Providing education and development for orphans and other needy children
- Providing welfare and opportunities for the children
- Linking sponsors to children
- Building and managing child centers and schools for children
- Cooperate with other organizations of similar nature
- Development and Publishing of Educational materials (Bingwa magazines, corruption flyers etc...)
- Making Bingwa T.V program to fight corruption.
- Building an African school portal - [Bingwaschools.org](http://Bingwaschools.org) to fight corruption in Africa

## STATEMENT OF THE PROJECT MANAGEMENT'S RESPONSIBILITIES

The Companies Act 2012 and NGO regulations requires management to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the project at the end of each financial year and of the operating results for that year. In respect of those financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with accounting policies and guidelines of the company. They are also responsible for the safeguarding of the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are ultimately responsible for the internal controls. The Directors delegate the responsibility for the internal controls to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the company's assets.

To accept responsibility for the annual financial statements, which have been prepared using the appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act.

The Directors are of the opinion that the Financial Statements give a true and fair view of the state of financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

Signed:

**Managing Director** .....  
Sign.

**National Program Director** .....  
Sign.



## **A. Objective of the Audit**

- The objective of the audit of the financial statements is to enable the auditor to express a professional opinion on the financial position of **CHILD AFRICA** at the end of each year and on funds received and expenditures incurred for the relevant accounting period.
- The books of account provide the basis for preparation of the financial statements by **CHILD AFRICA** and are established to reflect the financial transactions in respect of the organization. Management maintains adequate internal controls and supporting documentation for transactions.

## **B. Preparation of Annual Financial Statements**

- The responsibility for the preparation of financial statements including adequate disclosure is that of the management of **CHILD AFRICA**. Management is also responsible for the selection and application of accounting policies and prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and Non-Government Organization Board (NGO) Act, regulations and guidelines.
- The auditor is responsible for forming and expressing opinions on the financial statements. The auditor would carry out the audit of the project in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC) and ISSAIs (International Standards of Supreme Audit institutions) issued by INTOSAI. As part of the audit process, the auditor may request from the management of **CHILD AFRICA** a written confirmation concerning representations made in connection with the audit.

### **Audit Scope**

These terms of reference address audit requirement for the audit of financial statements of **CHILD AFRICA** covering period 1<sup>ST</sup> January to 31<sup>ST</sup> December 2017.

The audits should be carried out in accordance with International Standards of Auditing (ISA), ISSAIs (International Standards of Supreme Audit institutions) issued by INTOSAI and International Financial Reporting Standard (IFRS). In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters:

#### **a) Fraud and Corruption:**

Consider the risks of material misstatements in the financial statements due to fraud as required by ISA 240: The Auditor's Responsibility to Consider Fraud in an

Audit of Financial Statements. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud;

**b) Laws and Regulations:**

In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the management of Child Africa with Non-Governmental Organization's Board (NGO) laws and regulations may materially affect the financial statements as required by ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements;

**c) Governance:**

Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing 260: Communication of Audit Matters with those Charged with Governance;

**d) Risks:**

In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level as required by International Standard on Auditing 330: the Auditor's Procedures in Response to Assessed Risks.

**e) Access to Facilities and Documents**

The auditor will have full and complete access at any time to all records and documents including books of account, legal agreements, minutes of board meetings, bank records, invoices and contracts etc.



# **KAL ASSOCIATES**

***Certified Public Accountants***

## **REPORT OF INDEPENDENT AUDITORS TO BOARD OF TRUSTEES OF CHILD AFRICA FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

### **Opinion**

We have audited the financial statements of CHILD AFRICA, which comprise of the statement of financial position as at 31<sup>st</sup> December 2018, the statement of comprehensive income, the statement of fund balance and a statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies on pages 19 to 28.

In our opinion, the accompanying financial statements of CHILD AFRICA present fairly, in all material respects, the financial status of the organisation as at December 31<sup>st</sup>, 2018, in accordance with International Financial Reporting Standards (IFRSs).

### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). And Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Fund Accountability statement 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 requirement that are relevant to our audit of the Fund Accountability statement in Uganda, and we have fulfilled our other ethical responsibilities in accordance with the 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 Management and Those Charged with Governance for the Fund Accountability statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRSs, 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 organization'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 management either intends to liquidate the organisation or to cease operations, or has 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 Fund Accountability statement 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 Fund Accountability statement.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, designed 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 omission, misrepresentations, or the override of internal control.
- Obtained 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 management.
- Conclude on the appropriateness of management'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 adequate, to, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in manner that achieves fair presentation.



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

**Other Agreed upon procedures**

In addition, we carried out the following procedures in accordance with the terms of reference:

- a) Human Resource Reviewed the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel including performance appraisal, payroll preparation as well as management of personal records.
- b) Procurement: Reviewed the competitiveness, transparency and effectiveness of the procurement activities in order to assets whether the assets and services purchased meet the requirements.
- c) Asset Management: Reviewed procedures for the receipt, storage and purchase of assets.
- d) Cash management: Reviewed procedures for safeguarding of cash
- e) Information Systems: Reviewed the adequacy and reliability of information and communication systems and the control and security of equipment and data.
- f) General Administration: Reviewed the orderliness and management of the organization and its resources.
- g) Accuracy of accounting records: Verified arithmetical accuracy of the financial reports by ensuring that the expenditures are reconciled to the expenditures as presented in the described in the supporting documents.
- h) Compliance: Reviewed the compliance with the approved Donor budget, Terms of Agreement, Laws and Regulations.

**Conclusions on other agreed upon procedures:**

CHILD AFRICA acquired, protected and used its resources economically and efficiently.



## Going Concern

### Use of the Going Concern Assumption

As part of our audit of the financial statements, we have concluded that management's use of the going concern assumption in the preparation of the financial statements is appropriate as stated on page 8.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that may cast significant doubt on the organizations's ability to continue as a going concern that we believe would need to be disclosed in accordance with International Financial Reporting Standards (IFRS). Because not all future events or conditions can be predicted, this statement is not a guarantee as to the Organisation's ability to continue as a going concern.

### Report on other legal and regulatory requirements

As required by the Ugandan Companies Act 2012 and NGO Board we report that:

- i. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- ii. The Organisation's Statement of Financial Position and the Comprehensive Income and Expenditure Statement are in agreement with the books of account.
- iii. In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Peter Kasango** of Practicing Certificate number **P0111**.

.....

Sign.

CPA Peter Kasango

**KAL Associates**  
**Certified Public Accountants**  
**KAMPALA**

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2018

		2018	2017
	NOTE	UGX	UGX
Donor Funds	<b>6A</b>	1,816,467,911	1,603,906,331
Other funds	<b>6B</b>	207,890,400	142,434,660
		<b>2,024,358,311</b>	<b>1,746,340,991</b>
 <b>Project Expenditures</b>			
Administration expenses	<b>6C</b>	121,171,085	109,133,786
Children expenses	<b>6D</b>	1,610,494,860	1,301,888,150
General expenses	<b>6E</b>	101,359,890	136,533,455
Professional fees	<b>6F</b>	4,919,000	14,075,000
Transport and travel	<b>6G</b>	64,073,862	63,026,333
Marketing Expenses	<b>6H</b>	3,590,000	1,904,500
<b>Total project's expenditure before depreciation</b>		<b>1,905,608,697</b>	<b>1,626,561,225</b>
 <b>Surplus before depreciation</b>		<b>118,749,614</b>	<b>119,779,766</b>
Depreciation charges	<b>2</b>	47,453,401	27,638,049
<b>Surplus after depreciation</b>		<b>71,296,213</b>	<b>92,141,717</b>

The accounting policies on page **19** and the notes on pages **24-28** form an integral part of the financial statements.





## STATEMENT OF CHANGES IN EQUITY AS 31ST DECEMBER 2018

	<b>2018</b>	<b>2017</b>
	<b>UGX</b>	<b>UGX</b>
Accumulated Reserves B/f	1,960,042,078	1,867,900,361
Add: Surplus for the year	71,296,213	92,141,717
Accumulated Reserves C/f	<u><b>2,031,338,291</b></u>	<u><b>1,960,042,078</b></u>

**FUNDS ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2018**

	NOTE	2018 UGX	2017 UGX
<b>FUNDS:</b>			
Cash and Bank Balance B/F		521,874,772	195,603,741
<b>Add funding during the year</b>			
Donor Funds	<b>6A</b>	1,816,467,911	1,603,906,331
Other funds	<b>6B</b>	207,890,400	142,434,660
<b>Total funds available</b>		<b>2,546,233,083</b>	<b>1,941,944,732</b>
<b>Payments During the Year</b>			
Administration expenses	<b>6C</b>	121,171,085	109,133,786
Children expenses	<b>6D</b>	1,610,494,860	1,301,888,151
General expenses	<b>6E</b>	101,359,890	138,437,955
Professional fees	<b>6F</b>	4,919,000	14,075,000
Transport and travel	<b>6G</b>	64,073,862	63,026,333
Marketing Expenses	<b>6H</b>	3,590,000	-
Asset Acquisition	<b>2</b>	256,378,594	1,024,213,600
Decrease in receivables		(1,550,000)	2,000,000
Increase in Payables		-	(1,232,704,865)
<b>Total</b>		<b>2,160,437,291</b>	<b>1,420,069,960</b>
<b>Excess funds not utilised</b>		<b>385,795,792</b>	<b>521,874,772</b>
<b>Presented by:</b>			
Cash and Bank Balances	<b>4</b>	<b>385,795,792</b>	<b>521,874,772</b>

## **NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

### **General Information**

Child Africa is a Non Government Organisation (NGO) which was registered and incorporated in Uganda in 2004 as per the registration certificate No. S.5914/3841 dedicated to helping disadvantaged children to acquire quality formal education and care. The Organisation also supports children with basic needs such as food, clothing, health, psychosocial support among others. It is domiciled in Uganda, The address of its registered office and principal place of business is Plot 1908/9 Mitala, Kansanga- Kampala.

### **Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Uganda Shillings. The measurement basis used is the historical cost basis.

The preparation of financial statements in conformity with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3(b).

### **Summary of significant accounting policies**

#### **a) Revenue Recognition**

Donor funds are recognized in the period in which the organization receives funds from donor agencies for the implementation of agreed upon programme activities.

Also recognizes other revenues when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Organization's activities. The amount of revenue is not reliably measured until all contingencies relating to the sale have been resolved. The organisation bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

## **Significant judgments made by management in applying the company's accounting policies**

### **Impairment of trade receivables**

Impairment of trade receivables; the company reviews its portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgment as to whether there is any evidence indicating that there is a measurable decrease in the estimate future cash flows expected.

### **Borrowing**

Borrowings are initially recognised at transaction price, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the profit or loss under finance costs.

Borrowings are classified as current liabilities unless the organization has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### **Receivables**

Trade receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

### **Foreign exchange**

Transactions in foreign currencies during the year are converted into Uganda Shillings (the functional currency), at the rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Uganda Shillings at the rates ruling at that date. The resulting differences from conversion and translation are dealt with in the profit or loss in the year in which they arise.

## Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

## Property and Equipment

All property, plant and equipment comprising of motor vehicles, furniture and fittings, computers, faxes and copiers are 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 condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on equipment is calculated on reducing balance 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 vehicle	20
Furniture and fittings	12.5
Computer equipment	20
School equipment	12.5
Land & Buildings	NIL

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 12 months, net of bank overdrafts and money market lines.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

### **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In this case, the tax is also recognized in other comprehensive income and equity.

### **Current tax**

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

### **Deferred tax**

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

### **Retirement benefit obligations**

The Organisation and its employees contribute to the National Social Security Fund (NSSF) a statutory defined contribution scheme registered under NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

## **Trade payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

## **Comparatives**

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

**NOTE 2: SCHEDULE OF PROPERTY AND EQUIPMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

	<b>School Buildings &amp; Land Ushs</b>	<b>Motor Vehicles Ushs</b>	<b>Computer Equipment Ushs</b>	<b>School Assets Ushs</b>	<b>Office Equipment Ushs</b>	<b>Furniture &amp; Fittings Ushs</b>	<b>Total Ushs</b>
<b>Depreciation Rate</b>		20%	20%	12.50%	12.50%	12.50%	
<b>Cost or valuation</b>							
At 1 January 2018	2,987,502,285	184,825,270	69,863,505	61,968,280	55,549,072	31,303,076	3,391,011,488
Additions	71,665,700	9,280,000	10,245,000	159,627,894	1,350,000	4,210,000	256,378,594
Disposals	-	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>3,059,167,985</b>	<b>194,105,270</b>	<b>80,108,505</b>	<b>221,596,174</b>	<b>56,899,072</b>	<b>35,513,076</b>	<b>3,647,390,082</b>
<b>Accumulated depreciation</b>							
At 1 January 2018	-	137,721,896	48,520,019	23,704,583	34,222,680	17,208,830	261,378,008
Charge for the year	-	11,276,675	6,317,697	24,736,449	2,834,549	2,288,031	47,453,401
Disposals	-	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>-</b>	<b>148,998,571</b>	<b>54,837,716</b>	<b>48,441,032</b>	<b>37,057,229</b>	<b>19,496,861</b>	<b>308,831,409</b>
<b>Net Book Value</b>							
<b>At 31 December 2018</b>	<b>3,059,167,985</b>	<b>45,106,699</b>	<b>25,270,789</b>	<b>173,155,142</b>	<b>19,841,843</b>	<b>16,016,215</b>	<b>3,338,558,673</b>
<b>At 31 December 2017</b>	<b>2,987,502,285</b>	<b>47,103,374</b>	<b>21,343,486</b>	<b>38,263,698</b>	<b>21,326,393</b>	<b>14,094,246</b>	<b>3,129,633,482</b>



<b>NOTE 3</b>	<b>ACCOUNTS RECEIVABLE</b>	<b>UGX</b>	<b>UGX</b>
		<b>2018</b>	<b>2017</b>
	Staff Loans	2,250,000	3,800,000
	<b>TOTAL</b>	<b>2,250,000</b>	<b>3,800,000</b>
		<b>2018</b>	<b>2017</b>
<b>NOTE 4</b>	<b>CASH AND BANK BALANCES</b>	<b>UGX</b>	<b>UGX</b>
	Centenary Bank - Equator	18,046,519	16,667,960
	Centenary Bank - Kabale	6,230,155	9,049,705
	DFCU bank USHS -Kampala	4,049,759	75,798,834
	DFCU bank - EURO	746,257	1,093,065
	SCB Accounts Bank - \$	49,621,975	264,335,616
	SCB Accounts Bank EURO	209,244,091	24,976,297
	SCB Accounts Bank SHS	86,635,512	117,191,120
	SCB Accounts Bank Project USHS	10,420,000	10,420,000
	Bank of Baroda - Kabale School	801,525	2,342,175
	<b>TOTAL</b>	<b>385,795,792</b>	<b>521,874,772</b>
<b>NOTE 5</b>	<b>Long term liabilities</b>		
	Better Globe AS	1,232,704,865	1,232,704,865
		<b>1,232,704,865</b>	<b>1,232,704,865</b>

**NOTE 6: SCHEDULES TO THE STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR  
ENDED 31<sup>ST</sup> DECEMBER 2018**

		2018	2017
		UGX	UGX
A	<b>Donor Funds</b>		
	Sponsor fund	1,122,404,812	1,348,482,624
	General Support fund	694,063,099	255,423,707
	<b>SUBTOTAL</b>	<b>1,816,467,911</b>	<b>1,603,906,331</b>
B	<b>Other Funds</b>		
	Fees from community children	207,190,400	142,347,891
	Insurance	700,000	0
	Interest received		86,769
	<b>SUBTOTAL</b>	<b>207,890,400</b>	<b>142,434,660</b>
		2018	2017
		UGX	UGX
C	<b>Administrative Expenses</b>		
	Internet	10,476,500	7,810,000
	Telephone & Postage	3,758,400	6,154,800
	News Papers	1,548,000	1,406,000
	Rent:Head Office	54,920,000	52,992,000
	Security	1,187,000	0
	Staff Meals	19,250,915	13,044,300
	Licence and subscriptions	-	0
	Water	4,066,437	4,856,300
	Electricity	5,340,000	3,939,900
	Workshop & Training	6,031,000	4,472,200
	Bank Charges	4,156,333	3,530,786
	Computer expenses & Accessories	3,040,000	5,132,000
	Office supplies	3,366,600	1,730,800
	Other Administrative expenses	4,029,900	4,064,700
	<b>SUBTOTAL</b>	<b>121,171,085</b>	<b>109,133,786</b>

	2018	2017
	UGX	UGX
<b>D Children Expenses</b>		
Rent:School	7,500,000	25,500,000
Rent:Teachers	27,240,000	27,920,000
Salaries - Centre salaries	605,702,534	485,756,298
Wages for volunteers and casuals	53,452,800	54,556,100
Bingwa Magazine	16,044,250	13,179,000
Clothes & Uniforms	47,729,000	20,967,000
Co-curricular activities	12,648,000	11,624,800
Exams & Report Cards	11,992,434	9,184,500
Food Supplies	179,158,800	130,451,680
Gifts & Presents	119,641,580	96,811,478
IT & Photography	880,000	105,000
Play park expenses	2,366,000	1,180,000
Medical Care	3,746,900	1,580,700
Scholastic Materials	10,550,100	5,150,100
School Fees:Other Schools	282,458,050	272,267,781
Study Trips	2,672,000	7,760,000
Text books	385,500	16,195,540
Office running expenses:Schools	104,649,020	64,182,824
Anniversary Celebrations	-	3,056,000
Children's Projects	46,725,050	28,847,550
Laboratory expenses	4,525,000	-
Employer contribution (10%)	49,007,220	-
Other children expenses	21,420,622	25,611,800
<b>SUBTOTAL</b>	<b>1,610,494,860</b>	<b>1,301,888,151</b>
<b>E General Expenses</b>		
Gabbage Collection	370,000	420,000
Guest visit-Accomodation & Meals	58,823,890	64,919,300
Guests Visit - Entertainment and tours	460,000	1,304,000
Guests Visit - transport	20,850,000	14,325,959
Office Running Expenses	2,411,500	396,000
Printing & Stationery	3,743,000	3,509,500
Repairs, Maintenance and Carpentry	3,019,400	7,458,000
Staff Welfare	2,015,000	300,000
NSSF Employers contribution 10%	-	33,070,696
Other staff costs	-	768,000
Gallary Expenses	8,811,500	9,229,000
Foreign Exchange loss	855,600	833,000
<b>SUBTOTAL</b>	<b>101,359,890</b>	<b>136,533,455</b>

	2018	2017
	UGX	UGX
<b>F Professional Fees</b>		
Consultation fees	2,000,000	300,000
Audit Fee	2,500,000	2,500,000
Legal fees	419,000	11,275,000
<b>SUBTOTAL</b>	<b>4,919,000</b>	<b>14,075,000</b>
<b>G Transport and Travel</b>		
Fuel	14,184,500	13,425,300
Insurance & Parking	5,520,513	5,592,953
Service/Repair	21,520,360	29,493,700
Taxi & Boda	10,590,000	9,226,900
Tickets & Visas	10,147,889	4,697,480
Travel Allowance	2,110,600	90,000
Hire & Tour	-	500,000
<b>SUBTOTAL</b>	<b>64,073,862</b>	<b>63,026,333</b>
<b>H Marketing Expenses</b>		
Advert and publicity	-	905,000
Calenders and Stickers	3,590,000	999,500
<b>SUBTOTAL</b>	<b>3,590,000</b>	<b>1,904,500</b>
<b>TOTAL EXPENSES</b>	<b>1,918,458,697</b>	<b>1,626,561,225</b>
<b>NOTE 7 ASSETS PURCHASED DURING THE YEAR</b>	<b>2</b>	
Motor Vehicle	9,280,000	12,630,000
Computer Equipments	10,245,000	5,160,000
School Assets	159,627,894	21,790,000
Office Equipments	1,350,000	400,000
Furniture and Fittings	4,210,000	3,150,700
School Buildings	71,665,700	55,101,000
	<b>256,378,594</b>	<b>98,231,700</b>