

Child Africa



WE MAKE A DIFFERENCE

FINANCIAL STATEMENTS AND AUDITORS REPORT FOR THE YEAR ENDED 31ST DECEMBER 2016

Auditors



KAL ASSOCIATES

Certified Public Accountants

Plot 61-67 JP Plaza Nkrumah Road

P.O.Box 20084, Kampala

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

National Program Director







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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CHILD AFRICA FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

Opinion

We have audited the financial statements of CHILD AFRICA, which comprises of financial position as at 31st December 2016, the statement of Comprehensive income, the statement of fund balances and a statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies on page 19-28

In our opinion, the accompanying financial statements of the CHILD AFRICA for the year ended 31st December 2016 are prepared, in all respects, in accordance with International Financial Reporting Standards (IFRS), Comply with the Uganda Companies Act, (No.1) 2012(Section170), and the Non-Government Organizations Act.

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 (ICPAU). 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 Organization 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 Uganda, and we have fulfilled our other 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.

Responsibilities of Management and those charged with Governance for the financial Statements

Management is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS), Donors' Instructions for financial reporting as stipulated in the agreement, 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 Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company'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 International Standard on Auditing (ISA's) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or 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 misstatements, 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 of 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.

We also:

- i. 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 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.
- ii. 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.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use 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.

We communicated 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 identified 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 level of 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 assess whether the equipment and services purchased meet the requirement.
- c) Asset Management**
Reviewed the procedures for receipt, storage and purchase of assets
- d) Cash Management**
Reviewed procedures for safe guarding of cash
- e) Information System**
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 the 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

Conclusion on other agreed upon procedures:

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

The Organization is still relevant and attained its intended objectives

The systems of delivering the targeted outputs were cost effective

The Organization and interactions among strategic planning management structures and processes, human and financial resources in relation to the Organization's mission and goals were effective.



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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 organization's ability to continue as a going concern that we believe would need to be disclosed in accordance with International Financial Standards (IFRS). Because not all future events or conditions can be predicted, this statement is not a guarantee as to the Organization's ability to continue as a going concern.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Ugandan Companies Act(No.1)2012 (Section170) we report to you, the based on our audit 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 **CHILD AFRICA** 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 Organization, 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**

Peter Kasango

CPA Peter Kasango

KAL Associates
Certified Public Accountants
KAMPALA



STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2016

	NOTE	2016 UGX	2015 UGX
Donor Funds	6A	1,654,889,364	1,669,486,289
Other funds	6B	101,373,701	80,785,264
		<u>1,756,263,066</u>	<u>1,750,271,553</u>
Project Expenditures			
Administration expenses	6C	174,060,404	91,051,757
Children expenses	6D	1,257,975,870	986,755,269
General expenses	6E	36,069,346	154,404,630
Professional fees	6F	6,545,000	2,890,000
Transport and travel	6G	81,074,233	50,281,579
Asset Acquisition	2	125,435,841	337,125,469
Total project's expenditure before depreciation		<u>1,681,160,694</u>	<u>1,622,508,704</u>
Surplus before depreciation		75,102,372	127,762,848
Depreciation charges	2	25,352,140	28,521,407
Surplus after depreciation		<u>49,750,232</u>	<u>99,241,441</u>

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



STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2016

	Note	2016 UGX	2015 UGX
ASSETS			
Fixed Assets			
Property and Equipment	2	2,133,057,930	2,032,974,229
		2,133,057,930	2,032,974,229
Current Assets			
Receivables	3	1,800,000	3,307,000
Cash and Bank Balances	4	195,603,741	158,270,512
		197,403,741	161,577,512
Total Assets		2,330,461,671	2,194,551,741
Reserves and Liabilities			
Accumulated fund		1,867,900,361	1,818,150,129
Capital Reserves		462,561,310	337,125,469
		2,330,461,671	2,155,275,598
Current Liabilities	5	-	39,276,143
Total Reserves and Liabilities		2,330,461,671	2,194,551,741

The accounting policies on page 19 and the notes on pages 19-28 form an integral part of the financial statements. The Financial statements on pages 15-18 were approved by the Management of Child Africa on 28.07.2017 and signed on their behalf by:

Managing Director

National Programme Director

