Child Africa
Plot 1908/9 Mitala, Kasanga
P.O. BOX 22232
KAMPALA - UGANDA

ANNUAL REPORT, FINANCAL STATEMENTS AND AUDITOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER 2019

Auditors:

KAL ASSOCIATES
Certified Public Accountants
P.O.Box 20084, Kampala-Uganda
Tel: 0393-372 117, 0772 561 129, 0755 503 446
E-mail:kalassociates@yahoo.com, pkasango_55@yahoo.co.uk
Website: www.kalassociatescpa.co.ug

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ACRONYMS	DESCRIPTION
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	
BOARD OF DIRECTORS	Mr. Rino Solberg	- Chairman
	Ms. Julie Solberg	- Managing Director
	Mr. Wilson Wanyama	- Secretary
	Ms. Sabilla Khan Sanger	- Treasurer
	Mr. Jean Paul Deprines	- Member
	Mr. Amdan Khan	- 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-Uganda E-Mail- kalassociaates@yahoo.com, pkasango_55@yahoo.co.uk	

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 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;

Kampala	Equator	Kabale
0 Not yet in school 23 Primary 15 Secondary 12 University	0 Not yet in school 86 Primary 22 Secondary 5 University	0 Not yet in school 188 Primary 156 Secondary 54 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 to fight corruption in Africa

STATEMENT OF THE BOARD OF TRUSTEE'S RESPONSIBILITIES

The Uganda Companies Act 2012 and NGO Act and 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 ....

Child Africa
2 AUG 2020
P.O.Box 22232, Kampala

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 1ST January to 31st 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.

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REPORT OF INDEPENDENT AUDITORS TO BOARD OF TRUSTEES OF CHILD AFRICA FOR THE YEAR ENDED 31ST DECEMBER 2019

Opinion

We have audited the financial statements of **CHILD AFRICA**, which comprise of the statement of financial position as at 31st December 2019, 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 18 to 26.

In our opinion, the accompanying financial statements of **CHILD AFRICA** present fairly, in all material respects, the financial status of the organisation as at 31ST December 2019, 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.

KAL ASSOCIATES P.O. BOX 20084, KAMPALA(U) TEL: 0772 561129 13 AUG 2020 0755 503446 Email: kalassociates@gmail.com CERTIFIED PUBLIC ACCOUNTANTS

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.

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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 competiveness, 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.

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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 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.**

PeterKasango
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CPA Peter Kasango
KAL Associates
Certified Public Accountants
KAMPALA

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13 AUG 2020
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2019

	NOTE	2019 Ushs	2018 Ushs
INCOME:			
Donor Funds	**7A**	1,633,844,806	1,816,467,911
Other Funds	**7B**	324,332,070	207,890,400
TOTAL INCOME		**1,958,176,876**	**2,024,358,311**
LESS EXPENDITURE:			
Administration Expenses	**8**	200,582,112	121,171,085
Child Expenses	**9**	1,682,505,140	1,610,494,860
General Expenses	**10**	99,150,978	101,359,890
Professional fees	**11**	4,021,000	4,919,000
Transport and Travel	**12**	56,194,822	64,073,862
Marketing Expenses	**13**	1,063,000	3,590,000
TOTAL EXPENSES		**2,043,517,052**	**1,905,608,697**
Surplus /(Deficit)before depreciation		**(85,340,176)**	**118,749,614**
Depreciation	**14**	(53,910,295)	(47,453,401)
Surplus/(Deficit) after depreciation		**(139,250,471)**	**71,296,213**

The accounting policies and notes on page 18-26 form an integral part of the financial statements

Managing Director ....

National Program Director ....

Child Africa
2 AUG 2020
P.O.Box 22232, Kampala

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2019

	NOTE	2019 Ushs	2018 Ushs
NON CURRENT ASSETS			
Property & Equipment	2	3,581,191,958	3,338,558,673
		3,581,191,958	**3,338,558,673**
CURRENT ASSETS			
Receivables	3	2,970,000	2,250,000
Bank & Cash balances	4	91,834,852	385,795,792
		94,804,852	**388,045,792**
TOTAL ASSETS		**3,675,996,810**	**3,726,604,465**
EQUITY & LIABILITIES			
Equity			
Accumulated Funds		1,892,087,820	2,031,338,290
Capital Reserves		462,561,310	462,561,310
		2,354,649,130	**2,493,899,600**
NON-CURRENT LIABILITIES			
Better Globe AS	5	1,232,704,865	1,232,704,865
		1,232,704,865	**1,232,704,865**
CURRENT LIABILITIES			
Current Liabilities		88,642,815	-
		88,642,815	**-**
TOTAL EQUITY & LIABILITIES		**3,675,996,810**	**3,726,604,465**

The accounting policies the notes on pages 18 to 26 form an integral part of the financial statements. The financial statements were approved by the Directors on 12-Aug-2020 and were signed on their behalf by:

Managing Director ....

National Program Director ....

Child Africa
2 AUG 2020
P.O.Box 22232, Kampala

STATEMENT OF CHANGES IN EQUITY 31ST DECEMBER 2019

PARTICULARS	CAPITAL FUNDS CONTRIBUTION Ushs	RETAINED EARINGS Ushs	TOTALS Ushs
Capital contribution	462,561,310	2,031,338,291	2,493,899,601
Surplus/(Deficit) for the year	-	(139,250,471)	(139,250,471)
Balance as at 31.12. 2019	**462,561,310**	**1,892,087,820**	**2,354,649,130**

STATEMENT OF CHANGES IN EQUITY 31ST DECEMBER 2018

PARTICULARS	CAPITAL FUNDS CONTRIBUTION Ushs	RETAINED EARINGS Ushs	TOTALS Ushs
Capital contribution	462,561,310	1,960,042,078	2,422,603,388
Surplus/(Deficit) for the year	-	71,296,213	71,296,213
Balance as at 31.12. 2018	**462,561,310**	**2,031,338,291**	**2,493,899,601**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Ushs	2018 Ushs
Operating Activities		
Surplus/(Deficit) as per the financial statements	(139,250,471)	71,296,213
Add back Depreciation	53,910,295	47,453,401
	(85,340,176)	**118,749,614**
Changes in working capital:		
Increase in Trade Receivables	(720,000)	1,550,000
Increase in Trade Payables	88,642,815	-
Net increase in operating activities	**2,582,639**	**120,299,614**
Investment Activities		
Business Fixed Assets	(296,543,580)	(256,378,594)
	(296,543,580)	**(256,378,594)**
Financing Activities		
Capital Contribution	-	-
Subordinated Loans	-	-
	-	-
Increase in Cash and Cash equivalents	**(293,960,941)**	**(136,078,980)**
Opening Cash and Bank Balances	385,795,792	521,874,772
Closing Cash and Cash equivalents	**91,834,852**	**385,795,792**
PRESENTED BY:		
Cash & bank balances		
Centenary Bank-Equator	20,928,154	18,046,519
Centenary Bank-Kabale	4,083,690	6,230,155
DFCU Bank - Kampala	9,469,184	4,049,759
DFCU Bank-EURO	1,291,043	746,257
SCB Accounts Bank-$	12,181,769	49,621,975
SCB Accounts Bank-EURO	35,073,876	209,244,091
SCB Accounts Bank	2,542,805	86,635,511
SCB Accounts Bank Project	-	10,420,000
Bank of Baroda-Kabale school	6,264,331	801,525
	91,834,852	**385,795,792**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2019

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 and 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.

b) 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.

c) 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 recognized immediately in profit or loss.

d) 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.

e) 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.

f) 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:

	Rate %
Motor Vehicle	20
Furniture and Fittings	12.5
Computers& Software	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.

g) 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.

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.

i) Current tax

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

j) Deferred tax

h) Taxation

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.

k) Retirement benefit obligation

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.

l) 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.

m) Comparatives

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

n) We applied the modified cash accounting principle to recognize interest on loan charge but not paid and other accrued charges thus the performance during the year resulted into a deficit of **Ushs.139,250,471=** as shown on page 14 of 26 and the current liability shown on 23 of 26 (*Note 6).*

NOTE 2: SCHEDULE OF PROPERTY AND EQUIPMENT AS AT 31ST DECEMBER 2019

PARTICULARS	Land & School Buildings	Motor vehicles	Computers& Equipment	School Assets	Office Equipment	Furniture & Fittings	Total
Rate		20.0%	20.0%	12.5%	12.5%	12.5%	
	Ushs	Ushs	Ushs	Ushs	Ushs	Ushs	Ushs
Balance b/f as at 01/01/2019	**3,059,167,985**	**194,105,270**	**80,108,505**	**221,596,174**	**56,899,072**	**35,513,076**	**3,647,390,082**
Additions	201,346,800	5,414,000	18,700,000	58,282,780	-	12,800,000	296,543,580
Total cost as at 31/12/2019	**3,260,514,785**	**199,519,270**	**98,808,505**	**279,878,954**	**56,899,072**	**48,313,076**	**3,943,933,662**
DEPRECIATION:							
Balance b/f as at 01/01/2019	-	148,998,571	54,837,716	48,441,032	37,057,229	19,496,861	308,831,409
Charge for the year	-	10,104,140	8,794,158	28,929,740	2,480,230	3,602,027	53,910,295
Total Depreciation	**-**	**159,102,711**	**63,631,874**	**77,370,772**	**39,537,459**	**23,098,888**	**362,741,704**
Net Book Value:							
As at 31/12/2019	**3,260,514,785**	**40,416,559**	**35,176,631**	**202,508,182**	**17,361,613**	**25,214,188**	**3,581,191,958**
As at 31/12/2018	3,059,167,985	45,106,699	25,270,789	173,155,142	19,841,843	16,016,215	3,338,558,673

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2019 (CONTINUED)

	NOTE	2019 Ushs	2018 Ushs
RECEIVABLES	**3**		
Staff loans		2,970,000	2,250,000
		2,970,000	**2,250,000**
CASH & BANK BALANCES	**4**		
Centenary Bank-Equator		20,928,154	18,046,519
Centenary Bank-Kabale		4,083,690	6,230,155
DFCU Bank - Kampala		9,469,184	4,049,759
DFCU Bank-EURO		1,291,043	746,257
SCB Accounts Bank-$		12,181,769	49,621,975
SCB Accounts Bank-EURO		35,073,876	209,244,091
SCB Accounts Bank		2,542,805	86,635,511
SCB Accounts Bank Project		-	10,420,000
Bank of Baroda-Kabale school		6,264,331	801,525
		91,834,852	**385,795,792**
LONG TERM LIABILITIES	**5**		
Better Globe AS		1,232,704,865	1,232,704,865
		1,232,704,865	**1,232,704,865**
CURRENT LIABILITIES	**6**		
BG-Interest on Payable		36,981,146	-
NSSF Payable		6,178,994	-
P.A.Y.E		6,482,675	-
Rent Arrears		39,000,000	-
		88,642,815	**-**

FIXED ASSETS PURCHASED DURING THE YEAR	**2A**	**2019 Ushs**	**2018 Ushs**
Motor cycles		5,414,000	9,280,000
Computers& Equipment		18,700,000	10,245,000
School Assets		58,282,780	159,627,894
Office Equipment		-	1,350,000
Furniture and Fittings		12,800,000	4,210,000
School Buildings		201,346,800	71,665,700
		296,543,580	**256,378,594**

DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2019

	NOTE	2019 Ushs	2018 Ushs
Donor Funds			
Sponsor Fund-Fees	**7A**	531,441,534	1,122,404,812
General Support fund		1,102,403,272	694,063,099
		1,633,844,806	**1,816,467,911**
Other Funds	**7B**		
Fees from community children		291,245,570	207,190,400
Uniform revenue		33,086,500	-
Insurance		-	700,000
		324,332,070	**207,890,400**
Total Funds Received		**1,309,512,736**	**1,608,577,511**
EXPENDITURE			
Administration Costs	**8**		
Interest on loan		36,981,146	-
Internet		17,192,000	10,476,500
Telephone & Postage		3,288,700	3,758,400
News Papers		1,320,000	1,548,000
Rent: Head Office		86,973,000	54,920,000
Security		2,907,000	1,187,000
Staff Meals		20,537,300	19,250,915
Licence & Permits		310,000	-
Water		3,628,000	4,066,437
Electricity		10,635,400	5,340,000
Workshops & Printing		3,575,000	6,031,000
Bank Charges		5,384,366	4,156,333
Computer expenses & Accessories		1,860,600	3,040,000
Offices Supplies		3,043,600	3,366,600
Other Administrative expenses		2,946,000	4,029,900
		200,582,112	**121,171,085**

DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2019

	NOTE	2019 Ushs	2018 Ushs
Children Expenses	**9**		
Rent: School		18,000,000	7,500,000
Rent: Teachers		29,146,000	27,240,000
Salaries- Center salaries		711,509,562	605,702,534
Wages for volunteers and casuals		3,510,000	53,452,800
Bingwa Magazine		34,114,000	16,044,250
Clothes & Uniforms		88,696,425	47,729,000
Co-curricular activities		2,000,000	12,648,000
Exams & Report cards		12,027,750	11,992,434
Food Supplies		189,969,100	179,158,800
Gifts & Presents		119,241,079	119,641,580
IT & Photography		510,000	880,000
Play park expenses		1,723,500	2,366,000
Medical Care		2,890,800	3,746,900
Scholastic Materials		6,282,500	10,550,100
School Fees: Other schools		218,487,000	282,458,050
Study Trips		2,070,000	2,672,000
Text books		17,118,400	385,500
Offices Running Expenses: schools		68,771,200	104,649,020
Anniversary Celebrations		11,342,500	-
Children's Project		53,069,000	46,725,050
Laboratory Expenses		11,939,000	4,525,000
Employers' contribution (10%)		53,741,623	49,007,220
Other children expenses		26,345,701	21,420,622
		1,682,505,140	**1,610,494,860**
General Expenses	**10**		
Garbage collection		560,000	370,000
Guest visit-Accommodation & Meals		49,182,257	58,823,890
Guest visit-Entertainment and tours		626,500	460,000
Guest Visit Transport		6,690,000	20,850,000
Office Running Expenses		870,000	2,411,500
Printing & Stationary		2,693,000	3,743,000
Repairs , maintenance and Carpentry		27,618,150	3,019,400
Staff Welfare		355,000	2,015,000
Other office costs		242,071	-
Gallery expenses		10,314,000	8,811,500
Foreign Exchange loss		-	855,600
		99,150,978	**101,359,890**

DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2019

	NOTE	2019 Ushs	2018 Ushs
Professional Fees	**11**		
Consultation fees		1,021,000	2,000,000
Audit fee		3,000,000	2,500,000
Legal fees		-	419,000
		4,021,000	**4,919,000**
Transport and Travel			
Fuel		19,306,000	14,184,500
Insurance		2,384,372	5,520,513
Service and Repairs		19,216,000	21,520,360
Transport -Taxi & Boda boda		10,947,000	10,590,000
Air Tickets & Visas		4,141,450	10,147,889
Travel Allowances		200,000	2,110,600
		56,194,822	**64,073,862**
Marketing Expenses	**12**		
Advertisement and Publicity		1,013,000	-
Calendars and Stickers		50,000	3,590,000
		1,063,000	**3,590,000**
Depreciation	**13**		
Depreciation charges		53,910,295	47,453,401
		53,910,295	**47,453,401**