



CHILD AFRICA

Plot 1908/9 Mitala, Kasanga
P. O. BOX 22232, KAMPALA
Email: uganda@childafrica.org

FINANCIAL STATEMENTS AND REPORT FOR THE YEAR ENDED 31ST DECEMBER 2013

CHILD AFRICA

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CHILD AFRICA

GENERAL INFORMATION

LOCATION

National Office
Plot 1908/9 Mitala, Kasanga
P. O. BOX 22232, KAMPALA
Email: uganda@childafrica.org

BANKERS

Standard Chartered Bank
Crane Bank
Barclays Bank
Centenary Bank

KEY PERSONNEL

Ms Julie Solberg	- Managing Director
Mr. Wilson Wanyama	- National Programme Director
Ms Sabilla Khan Sanger	- Sponsorship Administrator
Mr. Paddy Tumwesigye	- Centre Coordinator Kabale Programme
Mr. Willy Muwanga	- Centre Coordinator, Equator Programme
Mr. Amos Ojok	- Head Teacher, Child Africa Kabale Junior School
Mr. Ssentongo Savio	- Head teacher – Equator School

CHILD AFRICA

1.0 Organizations Background

1.1 Introduction

Child Africa is a non-profit organization, dedicated to helping disadvantaged children to acquire quality formal education and care. CA also supports children with basic needs such as food, clothing, health, psychosocial support among others. By policy, some of the children supported by CA shall be children with disabilities. Currently CA has two primary schools one in Kabale Municipality in Kabale District and another in Mpigi District (at the Equator) where children access primary education. Other primary age going children benefiting from CA programme and those at secondary, vocational and university levels access education from partner schools and universities. Over the years CA has seen a linear growth in the number of children benefiting from the programme and this presents both opportunities and challenges to CA management and governance.

Vision

To help millions of children get quality education and teach honesty and integrity as a tool to fight corruption in Africa.

Mission

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

Organizational goal

- a) To build and run two (2) schools for 2500 children each in Kabale and at the Equator.
- b) To publish and distribute the free Bingwa Magazine to schools in Africa.

Objectives

- To realize the above vision, mission and goal, Child Africa will be guided by the following objectives
- a) To support less privileged children, including those with hearing impairment, to access education and other basic needs.
 - b) To equip less privileged children with life and leadership skills to enable them live healthier, productive and responsible lives.
 - c) To create opportunities for less privileged children to access self or gainful employment.
 - d) To improve the socio-economic status (reducing poverty of the families of children benefiting from the CA supported programmes.

1.2 Programmes

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. CA believes education provides knowledge and skills for development and growth of an individual and that a well-educated population lives in social harmony. In the year ending, CA supported the following categories of children and programmes.

Kampala	Equator	Kabale
24 primary	3 welfare	1 welfare
6 secondary	94 primary	266 primary
4 university	16 secondary	147 secondary
	4 vocational	2 University
		6 vocational

The main activities of CA 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...)

1.3 Challenges

- As children grow in educational levels and age, their needs namely school fees, scholastics, health and psychosocial support increase and yet the funding sources are not correspondingly increasing.
- The global financial crisis affected our sponsor parents as well, resulting into some dropping children hence forcing CA to take on the responsibility.
- There are so many deserving poor children who approach CA for support but unfortunately, CA can only take on a few as the current resources are inelastic and non linear.

1.4 . Strategies

CA plans to address the above challenges by exploiting current opportunities through;

- a. Recruiting and linking more sponsor parents to children through the CA website.
- b. Distributing over 1,000,000 copies free children's magazine (Bingwa) to schools in Africa to promote a reading culture among children and fight corruption by building integrity in African children.
- c. Strengthening local and international partnership so as to build a strong resource base for program sustainability.

2.0 Audit Objectives

The objective of the audit is to obtain assurance on the adequacy of management and oversight of the project and on the use of resources. Specifically, the audit is to provide assurance to the Donors , the project management, and other interested parties that project resources are being managed in accordance with:-

- The financial regulations, rules, policies and procedures that applied to and have been prescribed for the projects;
- The project document and the work plans, including activities, management arrangements, expected results, monitoring internal control, evaluation and reporting provisions;

3.0 Audit Scope and approach

We conducted our audit basing largely on audit agreement that was made between CA and ALLIED and Generally Accepted Auditing Standards. The scope of the audit was limited to the expenditures which are defined as including all disbursements listed in the quarterly financial reports submitted by CA. The audit covered the period January 2013 to December 2013

Audit Approach

The work we performed to enable us form our opinion included:

- a) Familiarizing ourselves with the project's activities, including relevant Management arrangements and control procedures.
- b) Obtaining an understanding of and recording of transactions in the CA accounting system, including the procedures and controls incorporated in it, and reviewing selected transactions to confirm our understanding.
- c) Identifying those internal controls upon which we would wish to place reliance for the purposes of our audit and any apparent weakness therein.
- d) Carrying our audit tests to determine whether the controls in which we intend to place reliance were operating throughout the relevant accounting period.
- e) Substantiating the amounts appearing in the accounts and related notes to the extent we consider necessary, taking account of the results of the work in (c) and (d) above.

Our audit covered the following areas:-

a) Audit of the Statement of program expenditure

Our review of the statement of program Expenditure entailed the following:-

- < Verified the mathematical accuracy of the Statement of Project expenditure by ensuring that the expenditures described in the supporting documentation (the quarterly financial reports, the list of disbursements made by the Donors as part of support services and the CA expenditure statements) are reconciled to the expenditures by disbursing source in the statement of project expenditure.
- < Reviewed the quarterly financial reports submitted by CA and agreed them to the underlying records.
- < Carried out tests of initiation, approval and processing and completeness of expenditure records to their final filing

b) Review of the overall management of the organization'

c) Implementation, monitoring, internal financial controls and supervision

The audit included the review of work plans, progress reports, project resources, project budgets, project expenditure, project delivery and recruitment of staff. To this effect, the scope covered the following areas as they were performed at the level of the project:-

Finance

We reviewed the adequacy of the accounting and financial operations and reporting systems. Our review included budget control, cash management segregation of duties, certification and approval authority, receipt of funds, and disbursement of funds, recording of all financial transactions in the expenditure reports, record maintenance and all other controls.

Procurement

We reviewed the competitiveness, transparency and effectiveness of the procurement activities of the project in order to ensure that the items and services purchased met the requirement of either CA or the Donors. Our review included the following:-

- As applicable, delegations of authorities, procurement thresholds, called for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders;
- Received and inspection procedures to determine the conformity of items with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of highly technical and expensive items;
- Evaluated the procedures established to mitigate the risk of purchasing items that do not meet specifications or is later proven to be defective;
- Management and control over the variation orders.
- We reviewed the use of consulting firms and the adequacy of procedures to obtain experienced personnel and assessment of their work before final payment is made.

Asset Management

- We reviewed the assets (typically vehicles and office equipment) purchased for use by the organization. Our review included the procedures for receipt, storage, maintenance and disposal of the Asset.
- Assets were accessed for ownership, valuation by tracing them to asset registers and existence of enough documentation.
- Determined if adequate documentations like Asset register, log books are in existence, engraved and can be traced to the user.

Cash management

We reviewed all cash held by the organization and procedures for cash safeguarding.

General Administration

- Our review included vehicle management, office premises and rent management, office communications, and records maintenance.
- We reviewed the general Administration of the organization funds, internal controls as well as the overall control environment.

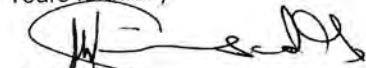
Information system

We reviewed the information and communication systems and control and security of equipment and data.

C) Legal Compliance

We verified whether CA is compliant with national laws and regulations.

Yours faithfully



ALLIED
Certified Public Accountants

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STATEMENT OF THE MANAGEMENT RESPONSIBILITIES

Members accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates. Members are of the opinion that the Financial Statements fairly presents the financial state and affairs of the organisation.

Members further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

Members approved the report on the 24/09 2014 and was signed on its behalf by:


.....
Managing Director


.....
National Program Director

Our Ref: CA/NGO-048/AUD-2013

Your Ref:

REPORT OF INDEPENDENT AUDITORThe Members of
Child Africa
P. O. Box 22232
Kampala

We have audited the accompanying Financial Statements of Child Africa; set out on pages 10 to 18. These Financial statements comprise the statement of financial position as at 31st December 2013, and receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Members' Responsibility for the financial statements:

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium Enterprises (SMEs). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair representation of the financial statements that are free from material misstatement; whether due to fraud or error, and selecting and applying appropriate accounting policies.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis of evidence relevant to the amount and disclosures in the Financial Statements. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members, as well as evaluating the overall presentation of the financial statements.

We have obtained all the information and explanations that to the best of our knowledge and belief were necessary for the purposes of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Opinion:

In our opinion, proper books of account have been kept and the accompanying financial statements, which are in agreement with the books of accounts, give a true and fair view of the state of the Organisation's financial affairs as at 31st December 2013 and of its surplus (Deficit), receipts and payments and summary of significant accounting policies for the year then ended in accordance with International Financial Reporting Standards and the Non Governmental Organizations Registration Act (Cap 113).

Report on other legal requirements

As required by the Non Governmental Organizations Registration Act (Cap 113) of Uganda we report to you, based on our audit, that

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- (ii) In our opinion proper books of accounts have been kept by the organisation; so far appears from our examination of those books and
- (iii) The organization's statement of financial positions and statement of comprehensive income are in agreement with the books of accounts.

ALLIED
Certified Public Accountants

Partners:

Kiyita M. Kyambadde
Ndawula N. Martin

Date: 24/09/14

CHILD AFRICA

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2013

		2013	2012
	NOTES	U.SHS	U.SHS
NON CURRENT ASSETS			
Property and Equipment	2	899,029,538	803,329,160
Work in progress		<u>30,500,000</u>	<u> </u>
		929,529,538	803,329,160
Current Assets			
Receivables	3	3,619,000	23,856,158
Cash and Bank Balances	4	<u>560,845,080</u>	<u>61,468,566</u>
		564,464,080	85,324,724
Total Assets		<u>1,493,993,618</u>	<u>888,653,884</u>
Reserves and Liabilities			
Accumulated fund	5	<u>1,493,993,618</u>	<u>884,406,634</u>
		1,493,993,618	884,406,634
Current Liabilities		<u>-</u>	<u>4,247,250</u>
Total Reserves and Liabilities		<u>1,493,993,618</u>	<u>888,653,884</u>

The accounting policies on page 13 and the notes on pages 14 - 18 form an integral part of the financial statements. The financial statements on pages 10 - 12 were approved by the Management of Child Africa on 24/09 2014 and are signed on their behalf by:

Managing Director

National Programme Director

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STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2013

		2013	2012
	SCH	U.SHS	U.SHS
Donor Funds	A	1,624,645,137	799,838,400
Other funds	B	<u>59,326,528</u>	<u>95,718,529</u>
		<u>1,683,971,665</u>	<u>895,556,929</u>
Less Project Expenditures			
Administration expenses	C	93,715,667	103,244,270
Children expenses	D	743,204,430	524,621,194
General expenses	E	131,727,710	38,096,769
Professional fees	F	5,400,000	17,627,000
Capital expenditures	G	-	51,086,000
Transport and travel	H	<u>72,044,252</u>	<u>44,532,750</u>
Total projects expenditure before depreciation		<u>1,046,092,059</u>	<u>779,207,983</u>
Surplus before depreciation		637,879,606	116,348,946
Depreciation Expense		<u>28,292,622</u>	<u>31,901,386</u>
Surplus after depreciation expense		<u><u>609,586,984</u></u>	<u><u>84,447,560</u></u>

The accounting policies on page 13 and the notes on pages 14 - 18 form an integral part of the financial statements.

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RECEIPTS AND PAYMENTS STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2013

		2013	2012
Receipts	SCH.	U.SHS	U.SHS
Cash and Bank Balance B/F	4	61,468,566	155,403,678
Donor Funds	A	1,624,645,137	799,838,400
Other funds	B	59,326,528	95,718,529
Prior year recognition of Funds		-	300,000,000
		<u>1,745,440,231</u>	<u>1,350,960,607</u>
Less : Payments During the Year			
Administration expenses	C	93,715,667	304,372,670
Children expenses	D	743,204,430	524,621,194
General expenses	E	131,727,710	38,096,769
Professional fees	F	5,400,000	17,627,000
Capital expenditures	G	-	51,086,000
Transport and travel	H	72,044,252	44,532,750
Asset Acquisition		123,993,000	311,526,750
Work in Progress		30,500,000	-
Changes in Payables		4,247,250	-
Net Changes in receivables		<u>(20,237,158)</u>	<u>(2,371,092)</u>
		<u>1,184,595,151</u>	<u>1,289,492,041</u>
Excess of Receipts over Payments.		<u>560,845,080</u>	<u>61,468,566</u>
Being represented by:	NOTE		
Cash and Bank Balances	4	<u>560,845,080</u>	<u>61,468,566</u>

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NOTES FORMING PART OF THE REPORT FOR THE YEAR ENDED 31ST DECEMBER 2013

Note 1: General Information

Child Africa is a Non Government Organisation (NGO) which was registered and incorporated in Uganda in 2004 with registration certificate No. S.5914/3841.

Summary of significant accounting Policies:

The principal accounting policies adopted in the preparation of these statements are set out as below. These policies will consistently apply to all years, unless otherwise stated.

Basis of Preparation:

The Financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis. The financial statements are presented in Uganda shillings and on accrual basis.

(i) Property, plant and Equipment:

All categories of property, plant and equipment are stated at their historical cost less depreciation. These are depreciated on a reducing balance.

Items	Rates
School Buildings and Land	Nil
Motor Vehicles	20%
Computer and Equipment	20%
School Assets	12.5%
Office Equipment	12.5%
Furniture and Fittings	12.5%

(ii) Work in Progress

This represents works on going towards construction of Kabale School. This will be capitalized upon completion.

(iii) Revenue Recognition:

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

(iv) Translation of Foreign Currencies:

Transactions in foreign currencies during the year are converted into the functional currency, Uganda shillings using the exchange rates prevailing at the dates of transactions. Assets and Liabilities have been translated at the closing rate at 31st December 2013 which are 1 USD: to Ushs 2,554.11 and 1 Euro: to Ushs 3,403

(v) Cash and cash equivalents:

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities.

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NOTE 2: SCHEDULE OF PROPERTY AND EQUIPMENT FOR THE YEAR ENDED 31ST DECEMBER 2013

	School Buildings & Land Ushs	Motor Vehicles Ushs	Computer Equipment Ushs	School Assets Ushs	Office Equipment Ushs	Furniture & Fittings Ushs	Total Ushs
Depreciation Rate		20%	20%	12.50%	12.50%	12.50%	
Cost or valuation							
At 1 January 2013	652,343,100	142,890,270	40,328,005	21,789,280	45,224,072	21,406,376	923,981,103
Additions	111,312,000	-	8,025,000	-	4,485,000	171,000	123,993,000
Disposals	-	-	-	-	-	-	-
At 31 December 2013	763,655,100	142,890,270	48,353,005	21,789,280	49,709,072	21,577,376	1,047,974,103
Accumulated depreciation							
At 1 January 2013	-	69,464,639	17,322,113	8,773,445	16,247,494	8,844,253	120,651,943
Charge for the year	-	14,685,126	6,206,178	1,626,979	4,182,697	1,591,640	28,292,622
Disposals	-	-	-	-	-	-	-
At 31 December 2013	-	84,149,765	23,528,291	10,400,425	20,430,191	10,435,893	148,944,565
Net Book Value							
At 31 December 2013	763,655,100	58,740,505	24,824,714	11,388,855	29,278,881	11,141,483	899,029,538
At 31 December 2012	652,343,100	73,425,631	23,005,892	13,015,835	28,976,578	12,562,123	803,329,160

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NOTE 3 : ACCOUNTS RECEIVABLE

Accounts receivable	-	3,306,158
Loans and advance -staff loans	1,680,000	550,000
Loans and advance	1,939,000	20,000,000
	<u>3,619,000</u>	<u>23,856,158</u>

NOTE 4 : CASH AND BANK BALANCES

	2013	2012
	U.SHS	U.SHS
Barclays Equator	4,496,524	2,351,444
Centenary bank	101,590	10,972,490
Crane Bank Kabale	2,092,277	
Crane bank USHS	83,173,235	1,890,199
Crane bank EURO	383,446,980	-
SCB ACCOUNT Bank \$	13,243,076	9,778,836
SCB ACCOUNT Bank EURO	35,032,320	2,722,884
SCB ACCOUNT Bank USHS	28,839,078	22,211,263
SCB ACCOUNT Bank project USHS	10,420,000	10,320,000
CASH IMPREST	-	1,221,450
	<u>560,845,080</u>	<u>61,468,566</u>

NOTE 5 : ACCUMULATED FUND

	2013	2012
	U.SHS	U.SHS
Accumulated Reserves B/f	884,406,634	704,487,474
Add: Surplus\ Deficit for the year	609,586,984	(120,080,840)
Prior year adjustments	-	300,000,000
Accumulated Reserves C/f	<u>1,493,993,618</u>	<u>884,406,634</u>

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SCHEDULES TO THE STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2013

INCOME RECEIVED DURING THE YEAR	SCH.	2013 U.SHS	2012 U.SHS
SCHEDULE A : Donor Funds	A		
Sponsor fund		601,966,796	406,347,500
Project fund		1,021,976,536	393,490,900
Other Incomes		701,805	-
		1,624,645,137	799,838,400
SCHEDULE B : Other Funds	B		
Fees from community children		58,670,075	73,552,900
Sub total		58,670,075	73,552,900
Foreign exchange gain/loss		656,453	22,165,629
		59,326,528	95,718,529
SCHEDULE C : Administration Expenses	C		
Internet		9,974,000	3,310,000
Telephone and postage		7,586,927	9,799,218
News papers		1,171,500	861,000
Rent- centres		-	453,000
Rent- Head office		45,818,400	28,200,000
Rent- Residence		-	10,800,000
Security		2,050,000	1,459,000
Staff meals		6,175,000	6,708,850
Licence and subscriptions		382,000	150,000
Water		2,192,525	1,997,864
Electricity		6,485,406	3,101,490
Workshop and training		2,324,500	-
Bank charges		3,975,409	2,497,750
Statutory taxes-NSSF fees		5,580,000	30,506,098
Disposal		-	3,400,000
		93,715,667	103,244,270
SCHEDULE D : Children Expenses			
Rent -Dormitories		2,400,000	1,800,000
Rent -School		19,200,000	16,000,000
Rent -Teachers		12,920,000	540,000
Salaries- centre's salaries		232,581,386	-

Salaries- non teaching staff	15,794,000	33,757,500
Salaries- teaching staff	131,375,924	108,637,500
Bingwa magazine	1,370,000	-
Clothes and uniforms	2,097,000	6,436,400
Co-curricular activities	43,000	5,674,000
Exams and report cards	568,500	226,820
Food supplies	52,903,500	60,797,400
Gifts and presents	31,485,270	35,164,240
IT and photography	7,905,000	-
Play Park Expenses	-	25,428,000
Medical care	353,000	1,155,000
Scholastic materials	2,279,000	4,060,000
School fees support from - CA	23,511,700	-
School fees -Other Schools	149,400,000	156,310,200
Study trips	350,000	-
Text books	542,400	-
Office running expenses- Schools	53,594,750	68,634,134
Professional fees-Land expenses-Architectural work	2,530,000	-
	743,204,430	524,621,194

SCHEDULE E : General Expenses

Garbage collection	390,000	230,000
Guest visit- Accommodation and meals	748,000	4,534,299
Guest visit- Entertainment and tours	7,851,000	-
Lighting and fixtures	-	965,000
Office running expenses	-	116,300
Office running expenses- centres	65,374,650	12,854,570
Printing and stationary	1,937,000	5,662,100
Repairs , maintenance and Carpentry	49,869,660	3,336,800
Staff welfare	3,047,400	2,850,000
Meeting	-	709,700
Field Accommodation	-	958,000
Advert and publicity	2,510,000	5,880,000
	131,727,710	38,096,769

SCHEDULE F : Professional Fees

Audit fees	3,050,000	2,950,000
Clearing fees	-	10,974,000
Legal fees	2,350,000	2,500,000
Recruitment fees	-	1,203,000
	5,400,000	17,627,000

SCHEDULE G : Capital Expenditure

	2013	2012
	U.SHS	U.SHS
Building Renovation and Consultations	-	41,151,000
Land expenses surveying and fencing	-	9,035,000
Labour/Land	-	900,000
	<u>-</u>	<u>51,086,000</u>

SCHEDULE H : Transport and Travel

	2013	2012
	U.SHS	U.SHS
Fuel	23,802,000	16,252,000
Hire and tour	653,000	1,590,000
Insurance and parking	10,432,589	1,736,000
Service / repair	19,568,600	5,413,500
Taxi and Boda	5,923,400	10,663,900
Tickets and Visas	5,126,663	7,099,350
Travel and allowance	6,538,000	1,778,000
	<u>72,044,252</u>	<u>44,532,750</u>