



**AGNES ZABALI BOYS AND GIRLS OF KAMENGO**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2017**

**Audited By:**

Nnawuba & Associates  
Certified Public Accountants  
P.O. Box 3258  
Kampala Uganda  
Tel. no. 256 414695195/0776503613

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**GLOSSARY OF TERMS**

<b>AZBGC</b>	-	Agnes Zabali Boys and Girls Club
<b>OECTA</b>	-	Ottawa English Catholic Teacher's Association
<b>PAYE</b>	-	Pay as You Earn
<b>URA</b>	-	Uganda Revenue Authority

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**ORGANIZATIONAL INFORMATION**

**Organization Name:** Agnes Zabali Boys and Girls of Kamengo

**Location of the Organization:** Agnes Zabali Boys and Girls Club (HQ)  
27 Kamengo, Mpigi Uganda  
Tel +256 702060635  
[www.facebook.com//agneszabalibgc](https://www.facebook.com//agneszabalibgc)  
[www.azboysandgirlsclub.ca](http://www.azboysandgirlsclub.ca)  
[azbgc2016@gmail.com](mailto:azbgc2016@gmail.com)

**Management committee:** Otaawa Committee  
Kamengo Youth Committee

**Bank:** Bank of Africa  
Kamengo - Mpigi  
Kampala, Uganda

**Auditors:** Nnawuba & Associates  
Certified Public Accountants  
P.O. Box 3258  
Kampala Uganda  
Tel. no. 0776 503613

## **1. INTRODUCTION**

### **1.1 Background**

The Agnes Zabali Boys & Girls Club (AZBGC) of Kamengo was initiated in 2006 as a community based organization called (Care for Your Life) by the family and friends of Agnes Zabali to address the health and education needs that many orphans and vulnerable children face in Kamengo, Uganda. The organization was, and remains today, guided by a local youth committee made up of volunteer youth who have been in the project since its inception. The youth work on all of the projects including implementing income generating activities, academic support, health awareness programs, Advocacy, capacity building, training and mentoring the younger children in good character and citizenship.

Agnes Zabali Boys & Girls Club programs are designed to provide a safe and supportive place, where every child and adult is respected and valued in an environment of inclusion and acceptance. Our local volunteers model hard work, honesty, fair play, positive attitude, cooperation and respect for self and others. We believe that all young people can grow into responsible, contributing and self-reliant members of the community. Children and youth are the centre of everything we do. By supporting basic health, education and through field trips and recreational activities, we encourage and empower them to develop healthy lifestyles, a life-long passion for learning, leadership, life skills and a sense of social responsibility.

AZBGC is a local NGO helping children and youth, who live in dire conditions to receive an education, it is a club with no political or religious affiliations. AZBGC serves the children of Kamengo regardless of their ethnicity, race or religion, with the goal to help as many children as possible go to school and have a chance of success.

#### **AZBGC Mission**

To help children living in poverty remains in school and have the opportunity to reach their true and full potential, many of the children we assist are orphans or children living in emergency situations. By enhancing the quality of life for children in need, as well as their respective families, we actively help them gain access to education.

We believe that through providing access to education, we prevent children from prematurely leaving school and, in the case of girls, reduce the chance of early matrimony. Education and the support of AZBGC can move a child beyond the cycle of poverty.

#### **Project Objectives and Goals**

The goals are to assist vulnerable children and youth in Kamengo community with basic health, education, provide recreational activities and developmental projects that improve health and well-being, enhance youth development, foster community growth, create employment, and reduce poverty and inequality in the future for those in our program.

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**Successes**

- With support of AZBGC Ottawa Committee and CACHA, school fees for 155 students were paid.
- In partnership with CACHA, Ggoli Health centre, Nkozi Hospital and the Village Health team, we hosted a successful medical mission in March 2017.
- Chicken project yielded financial benefits for the AZBGC through 2016/17
- Youth Dialogue was successfully held in partnership with Joy Uganda and the District leadership health activities for sexual and reproductive health and HIV.
- Two girls graduated from post-secondary education: one with a Bachelor's Degree in Social work and Social Administration and the other with a Diploma in Fashion and Design.
- 40 girls were supported with Afripads sanitary pad packs.
- AZBGC participate in the charity run for Nkozi hospital for construction of an emergency accident ward.
- A full-sized basketball court was constructed with support of Court for Kids (volunteer students from USA) and funds from Keith Laughton and Linda Newton's family.
- Five computers were purchased with the grant from Ottawa English Catholic Teacher's Association (OECTA) which was successfully obtained through an application by Ottawa AZBGC member Susan Mayo.
- Two students received full basketball scholarship at Kibuli Secondary and St Mary's Kitende.
- AZBGC purchased 100 seated tent and 100 chairs to be used in future AZBGC and other community events.

**Challenges**

- Limited funds for education support. The AZBGC continues to struggle to meet the increasing costs of sending all 155 students to school. Especially in light of school/college/university fees increasing as our children and youth get older.
- In late March 2017 AZBGC driver Miiro Martin was involved in an accident with the AZBGC van as he travelled to collect doctors from Nkozi Hospital after surgery. The van was damaged significantly but thankfully Miiro escaped unhurt.
- Slow computers and limited numbers of chairs

## **2. AUDIT OBJECTIVES, SCOPE AND APPROACH**

### **2.1 Audit Objectives**

Nnawuba & Associates, Certified Public Accountants was appointed auditors of the program to carry out the audit for the period ended 30 April 2017. The objective of the audit is to certify whether the organizational financial report agrees with the books of account and that all supporting documents present fairly, in all material respects, and that the funds received were utilized in accordance with the program Constitution, program budget and work plan.

#### **2.1.1 The specific objectives of the audit are:**

- Ascertain whether the financial report agrees with the accounting records.
- Ascertain whether the program spending was in accordance with the budget and work plan.
- Examine whether the program activities were executed in accordance with the program budget and plan.
- Verify whether the records in the financial report are adequately supported by source documents and that there is a proper filing system.
- Verify whether the accounts are correct and accurate and that they do not contain significant errors or omissions.
- Verify that there are proper controls regarding the safety of fixed assets.
- Ensure that the program costs met are within the approved budget.
- Evaluate the effectiveness and appropriateness of the internal control systems in place.

### **2.2 Audit Scope**

#### **2.2.1 Program Financial Statement**

We reviewed the program funds received during the year as well as the expenditure for the period to confirm that the transactions related to the organizational business and that were supported by third party accountability documents.

#### **2.2.2 Internal Control Structure**

We evaluated the significant internal controls to obtain a sufficient understanding of the design of the relevant controls, policies and procedures and whether they have been placed in operation.

#### **2.2.3 Compliance with the Program Constitution the Program budget, work-Plan, General Conditions for grants and Applicable Laws and Regulations**

We reviewed and assessed the program compliance with the program Constitution, the Project budget and the applicable laws and regulations.



### **2.3 Audit Approach**

We designed our audit approach in accordance with International Standards on Auditing and the terms of reference in order to achieve the audit objectives.

The audit was performed using an approach, which requires general planning and identification of areas of audit significance, as well as evaluating risk inherent in significant accounts.

We reviewed the program operations to ascertain whether they are geared at implementation of the program objectives and whether the execution was in line with the budget, and in accordance with the program Constitution and General Conditions for grants.

We examined the program's organizational structure and existing procedures with special focus on accounting practices, financial management and internal control.

We performed detailed tests of expenditure incurred by reviewing the evidence supporting the amounts charged to the program activities.

**3. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

The management of the organization is required to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the organization as at the end of the period and of its income and expenditure for the period. Management is also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the organization. They are also responsible for safeguarding the assets of the organization.

The management accepts responsibility for the periodical financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the provisions of the organization Constitution, General Conditions for grants and the budget and work plan. The management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organization and of its operating results. The management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Management has made an assessment of the organization's ability to continue as a going concern and nothing has come to its attention 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 on behalf of Management by:**

.....  
**Mr. Jimmy Ssebulime - Project Lead**  
.....**2018**

.....  
**Mr. Mutebi Chris- Project Coordinator**  
.....**2018**

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**4. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

**REPORT ON FINANCIAL STATEMENTS**

We have audited the accompanying Financial Statements of Agnes Zabali Boys and Girls of Kamengo, set out on pages 9 to 17, and a summary of significant accounting policies and other explanatory notes.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT**

The Organizational management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies stated in note 8.1. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 our judgment, including the assessment of the risks of material misstatement of the financial reports, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to Agnes Zabali Boys and Girls of Kamengo's preparation and fair presentation of the financial reports in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the Organization's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion, proper books of account have been kept and the accompanying financial statements which are in agreement therewith, give a true and fair view of the state of financial affairs of the Organization as at 30 April 2017 and of its surplus and cash flows for the period then ended and is in accordance with the accounting policies indicated in note 8.1.

**Nnawuba & Associates**  
**Certified Public Accountants**  
Kampala

.....2018

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**5. STATEMENT OF INCOME AND EXPENDITURE**

	Notes	Ushs 2017 <u>Budget</u>	Ushs 2017 <u>Actual</u>
<b>INCOME</b>			
Donated funds		89,415,000	79,638,234
<b>Total income</b>		<b>89,415,000</b>	<b>79,638,234</b>
<b>EXPENDITURE</b>			
School fees and educational supplies		68,355,000	56,266,800
Stipends		3,600,000	10,507,507
Income Generating Projects		3,600,000	1,077,500
Rent and utilities		960,000	3,490,000
Transportation costs		600,000	205,000
Equipment repair & maintenance		2,000,000	3,120,000
Office expenses		1,200,000	302,000
Accommodation for University students		4,800,000	2,180,000
Activities (outreach trips, seminars during holidays)		900,000	1,400,000
Communication costs		1,200,000	-
Hospitalization, Medication, sanitary pads		1,000,000	600,000
Food for youth committee at comm. Centre		1,200,000	
<b>Total expenditure</b>		<b>89,415,000</b>	<b>79,148,807</b>
<b>Net surplus for the year</b>		<b>-</b>	<b>489,427</b>

The notes on pages 13 to 17 form an integral part of these financial statements.

Report of the independent auditor - page 9

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**6. STATEMENT OF FINANCIAL POSITION**

Notes	Ushs 2017 <u>Actual</u>
<b>Fund balances</b>	
Capital grant	133,180,000
Accumulated fund	<u>7,272,239</u>
	<b><u>140,452,239</u></b>
 <b>REPRESENTED BY</b>	
<b>Non-current assets</b>	
Property and equipment	<u>133,613,000</u>
 <b>Current assets</b>	
Cash and cash equivalents	<u>6,839,239</u>
	<b><u>140,452,239</u></b>

The financial statements on pages 10 to 17 were approved and authorised for issue by the Management committee on \_\_\_\_\_ 2018 and were signed on its behalf by:

.....  
**Mr. Jimmy Ssebulime**  
**Project Lead**

.....  
**Mr. Chris Mutebi**  
**Project coordinator**

The notes on pages 13 to 17 form an integral part of these financial statements.

Report of the independent auditor-page 9

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**7. STATEMENT OF CASHFLOWS**

	<b>Notes</b>	<b>Ushs 2017</b>
<b>Cash flows from operating activities</b>		
Surplus/(deficit) for the year		489,427
<b>Adjustments for:</b>		
Depreciation		<u>14,167,000</u>
		14,656,427
<b>Cash generated from/(used) in operations</b>		<u>14,656,427</u>
<b>Cash flows from investing activities</b>		
Cash paid for purchase of property & equipment		<u>(10,470,000)</u>
<b>Net cash from investing activities</b>		<u>(10,470,000)</u>
<b>Cash flows from financing activities</b>		
Capital grants		<u>10,000,000</u>
<b>Net cash from investing activities</b>		<u>10,000,000</u>
Increase/(decrease) in cash and cash equivalents		<u><u>14,186,427</u></u>
Increase/(decrease) in cash and cash equivalents		<u><u>14,186,427</u></u>
<b>Movement in cash and cash equivalents</b>		
At start of year		(7,347,188)
Increase/(decrease)		<u>14,186,427</u>
At end of year		<u><u>6,839,239</u></u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 17.

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**8.0 NOTES TO THE FINANCIAL STATEMENTS**

**8.1 Significant Accounting Policies**

**8.1.1 Basis of accounting**

The Financial statements are prepared on a cash basis. All income is recorded as revenue when received and all expenses are recorded as expenditure when paid.

**8.1.2 Income**

All donor funds received during the year have been recorded as income for the period under review.

**8.1.3 Translation of Foreign Currencies**

Transactions in local currencies during the period are converted into the USD at rates ruling at the transactions dates.

**8.1.4 Capital grants**

This represents funds received for purchase of property and equipment or the value of such property and equipment that are granted to the organization. The initial amount is credited to a deferred income account known as capital grants. The balance is amortized to income annually at an amount equal to that of depreciating the assets purchased with the grants.

**8.1.5 Property and equipment**

Property and equipment is 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, or the value of such property and equipment that are granted to the organization.

Depreciation 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:

<b>Asset Category</b>	<b>Rate</b>
Furniture and fittings	20%
Computer equipment	25%
Office equipment	10%

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**8.0 NOTES TO THE FINANCIAL STATEMENTS - Continued**

		<b>Ushs 2017 <u>Budget</u></b>	<b>Ushs 2017 <u>Actual</u></b>
<b>8.2 Donor funds</b>			
	<b><u>Date</u></b>		
1st transfer for school fees and other activities	13.07.2016	8,161,183	8,161,183
2nd transfer for school fees and other activities	10.08.2016	27,659,039	27,659,039
Advance for Stipends of AZBGC Youth Committee	24.10.2016	3,827,507	3,827,507
2nd transfer for school fees and other activities	10.02.2017	27,226,935	27,226,935
Funds for outstanding project activities & fees	10.03.2017	22,540,336	12,763,570
<b>Subtotal</b>		<b><u>89,415,000</u></b>	<b><u>79,638,234</u></b>

	<b>Ushs 2017</b>
<b>8.3 School fees and educational supplies</b>	
School fees expenses for 1st quarter	3,500,450
School fees expenses for 2nd quarter	17,186,050
School fees expenses for 3rd quarter	1,387,000
School fees expenses for 4th quarter	27,534,650
Industrial training for Esseza	350,000
School supplies for students	874,750
Application, admission & registration fees	905,000
School supplies- exams, seminars & board expenses	1,258,000
Engineering practical fees for Derick Ssansa	303,000
UNEB facilitation fees	269,500
Lunch and development fees	450,000
Scholarastic materials	28,400
Food - home land rice for students at University	120,000
Gown and graduation fees for Eseza Nantezza	650,000
Examination and seminar fees	200,000
School supplies for Ronald Nkibirwa	200,000
Research fees	120,000
Arts & crafts materials	780,000
Arts & exhibition fees	150,000
	<b><u>56,266,800</u></b>

<b>8.4 Stipends</b>	
Stipends for project coordinator	3,680,000
Stipends for AZBGC youth committee	3,827,507
Youth stipends	3,000,000
	<b><u>10,507,507</u></b>



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**8.0 NOTES TO THE FINANCIAL STATEMENTS – Continued**

**Ushs  
2017**

**8.5 Income Generating Projects**

Poultry project 1,077,500

**8.6 Rent and Utilities**

House rent for Nicolas Ssebayiga- 2nd quarter 190,000  
House rent for Nicolas Ssebayiga-2nd quarter 300,000  
House rent for Nicolas Ssebayiga - 4th quarter 200,000  
House rent for University students 2,800,000  
**3,490,000**

**8.7 Transportation costs**

Local transport - petrol (UAF 424P) 40,000  
Transport at Muto Primary School 15,000  
Transport - diesel 150,000  
**205,000**

**8.8 Equipment repair & maintenance**

Office printer repair & ink refilling 20,000  
Payment for Contrator Basketball court 500,000  
Basketball court - outstanding 1,900,000  
Basketball court - painting 700,000  
**3,120,000**

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**8.0 NOTES TO THE FINANCIAL STATEMENTS – Continued**

**Ushs  
2017**

**8.9 Office expenses**

Rotarim Ream and box files	27,000
Office printer head	125,000
Printer cartridge	150,000
	<u>302,000</u>

**8.10 Accomodation for University students**

Accomodation for 2nd quarter	<u>2,180,000</u>
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**8.11 Activities (outrach trips, seminars during holidays)**

Holiday tutorials & events management	500,000
LGA Pine planting	900,000
	<u>1,400,000</u>

**8.12 Hospitalization, Medication -Emergency Referrals & Sanitary Pads for girls**

Reusable sanitary pads for girls	<u>600,000</u>
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**8.0 NOTES TO THE FINANCIAL STATEMENTS – Continued**

<b>8.13 Property &amp; equipment – 30 April 2017</b>							
	<b>Land &amp; Building</b>	<b>Motor vehicle</b>	<b>Furnt. &amp; fittings</b>	<b>Office equip'ts</b>	<b>Water project</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>
<b>Cost</b>	5%	20%	20%	10%	10%	25%	
At start of year	90,000,000	20,000,000	8,500,000	-	18,500,000	12,850,000	149,850,000
Additions	10,000,000	-	300,000	170,000	-	-	10,470,000
<b>At end of year</b>	<b>100,000,000</b>	<b>20,000,000</b>	<b>8,800,000</b>	<b>170,000</b>	<b>18,500,000</b>	<b>12,850,000</b>	<b>160,320,000</b>
<b>Depreciation</b>							
At start of year	4,500,000	4,000,000	1,700,000	-	1,850,000	490,000	12,540,000
Charge for the year	4,775,000	3,200,000	1,420,000	17,000	1,665,000	3,090,000	14,167,000
<b>At end of year</b>	<b>9,275,000</b>	<b>7,200,000</b>	<b>3,120,000</b>	<b>17,000</b>	<b>3,515,000</b>	<b>3,580,000</b>	<b>26,707,000</b>
<b>NBV-30 April 2017</b>	<b>90,725,000</b>	<b>12,800,000</b>	<b>5,680,000</b>	<b>153,000</b>	<b>14,985,000</b>	<b>9,270,000</b>	<b>133,613,000</b>
<b>Property &amp; equip't is classified as follows:-</b>							
<b>Cost</b>					<b>Donated-Shs</b>	<b>Purchased-Shs</b>	<b>Total Shs</b>
At start of year					149,850,000	-	149,850,000
Additions					10,000,000	470,000	10,470,000
<b>At end of year</b>					<b>159,850,000</b>	<b>470,000</b>	<b>160,320,000</b>
<b>Depreciation</b>							
At start of year					12,540,000	-	-
Charge for the year					14,130,000	37,000	14,167,000
<b>At end of year</b>					<b>26,670,000</b>	<b>37,000</b>	<b>26,707,000</b>
<b>NBV- 30 April 2017</b>					<b>133,180,000</b>	<b>433,000</b>	<b>133,613,000</b>

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**8.0 NOTES TO THE FINANCIAL STATEMENTS – Continued**

**Ushs  
2017**

**8.14 Cash and cash equivalents**

Cash at bank 6,839,239

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise of cash and bank balances.

**8.15 Accumulated funds**

Opening balance	6,782,812
Net Surplus for the year)	<u>489,427</u>
	<u>7,272,239</u>

**8.16 Capital grants**

As at start of year	149,850,000
Capital grants received during the year	10,000,000
Amortisation for the year	<u>(26,670,000)</u>
<b>As at end of year</b>	<b><u>133,180,000</u></b>