

**UWEZO UGANDA LIMITED**  
**ANNUAL REPORT**  
**AND**  
**AUDITED FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**

**ACRONYMS AND ABBREVIATIONS**

ASER	-	Annual Status of Education Report
FCDO	-	Foreign Commonwealth and Development Office
GEMR	-	Global Education Monitoring Report
IFAC	-	International Federation of Accountants
IFRS	-	International Financial Reporting Standards
ISAs	-	International Standards on Auditing
Mott	-	Mott MacDonald
SMEs	-	Small and Medium-Sized Enterprises
USD	-	United States Dollars
Ushs	-	Uganda Shillings
WPF	-	Wellspring Philanthropic Fund
ALiVE	-	Assessment of Life Skills and Values in East Africa
ICAN	-	International Common Assessment of Numeracy
ICARe	-	International Common Assessment of Reading
KIX	-	Knowledge and Innovations Exchange

UWEZO UGANDA LIMITED  
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021

---

TABLE OF CONTENTS	PAGE
Company information	1
Directors' report	2 - 5
Statement of directors' responsibilities	6
Report of the independent auditor	7 - 9
<b>FINANCIAL STATEMENTS:</b>	
Statement of income and expenditure	10
Statement of financial position	11
Statement of reserves	12
Statement of cash flows	13
Notes to the financial statements	14 - 30
<b>UNAUDITED INFORMATION:</b>	
Appendix I: Grant income and deferred operating income in United States Dollars	31

**UWEZO UGANDA LIMITED  
COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**GENERAL INFORMATION**

Uwezo Uganda Limited (the "Company") is a registered not-for-profit company limited by guarantee without share capital, incorporated and domiciled in Uganda. The Company was registered under the Companies Act, 2012 on 15 October 2019 with registration number 80020002150575.

**ADDRESS OF REGISTERED OFFICE**

Uwezo Uganda Limited  
Corner House, Plot 436/437  
Mawanda Road, Kamwokya  
P.O. Box 33275  
Kampala, Uganda

**BANKERS**

Stanbic Bank Uganda Limited  
Garden City Branch  
Plot 64-86 Kitante Road  
Kampala, Uganda

**LEGAL ADVISOR**

Kwesigabo, Bamwine & Walubiri  
Plot 10, Clement Hill Road  
P.O. Box 21161  
Tel: +256-414-343168  
Kampala, Uganda

**COMPANY SECRETARY**

Mr. Kizito Ssekitooleko  
P.O. Box 21161  
Kampala, Uganda

**AUDITOR**

Ernst & Young  
Certified Public Accountants of Uganda  
EY House  
Plot 18, Clement Hill Road  
Shimoni Office Village  
P.O. Box 7215  
Kampala, Uganda

The directors submit their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of Uwezo Uganda Limited (the "Company").

## **UWEZO UGANDA VISION**

A society in which all children are learning and realising their full potential.

## **UWEZO UGANDA MISSION**

We are committed to demonstrating how to improve learning outcomes and keeping communities and leaders focused on learning through assessment, research, innovations, partnerships and advocacy.

## **PRINCIPAL ACTIVITIES**

Working with concerned citizens, we aim to contribute to the improvement of basic education by:

1. Assessing children's acquisition of basic skills and knowledge,
2. Observing the resources of schools, their educational processes and the conditions in which children attend and learn,
3. Carrying out research and encouraging innovations that may help to improve learning outcomes and the school environment,
4. Raising the awareness of governments, educators and citizens about the intended and actual achievements of basic education, especially the problems of learning outcomes that are insufficient in general and unevenly distributed, and
5. Raising awareness about children's rights relating to education and triggering discussions on issues of quality education for children.

## **THE UWEZO JOURNEY AND APPROACH TO THE LEARNING CRISIS**

Uwezo, a Swahili word which means 'capability', has been a programme of Twaweza East Africa since 2009. Twaweza's mission over the last ten (10) years has been to enable children to learn, citizens to exercise agency and governments to be responsive to citizens' demands in Kenya, Tanzania and Uganda. Uwezo's main function has been to generate and curate evidence on learning outcomes and use it to engage with policy actors and citizens to address the learning crisis. Uwezo has used the approach and methodology pioneered by the Annual Status of Education Report (ASER) in India, in which trained citizen volunteers carry out assessments and obtain other relevant data, in the household setting, from large, nation-wide samples of children. To mobilise volunteers, Uwezo has collaborated with hundreds of local organisations that broadly represent civil society.

The Uwezo assessments have been carried out annually or biannually and reported systematically at regional, national and district/county levels, in Kenya, Tanzania and Uganda. Over the last 10 years, Uwezo has gone to most districts of the three countries, reached hundreds of thousands of households and assessed millions of children. To demonstrate that information collection is not an extractive process, Uwezo has embedded instant feedback to the households and communities that were selected for inclusion. The citizen volunteers have been encouraged to participate in measuring learning outcomes and to become advocates for the improvement of basic education in their communities.



### **The Uwezo journey and approach to the learning crisis (Continued)**

The Uwezo professionals have sought to communicate the findings to educational officials and other stakeholders at local, national, regional and global levels and to focus attention on the educational quality issues that have been raised, especially the fact that millions of children are leaving school without mastery of the very foundational skills needed to fulfil the promise of education. According to the theory of change adopted by Uwezo, the quality of a service is more likely to improve if demands are articulated simultaneously by civil society and by professional opinion and if these are directed at various levels of the chain of delivery – in this case policy-makers, educational administrators and teachers.

The skills regularly assessed by Uwezo are basic elements of reading and arithmetic that are supposed to have been mastered by the end of Primary Grade 2 and are a necessary foundation for subsequent learning. Children aged 6-16 years have been assessed, but special attention has been given, in analysis, to the performance of those attending Primary Grade 3 and above, as this provides evidence about the effectiveness of schools in achieving curricular goals. In the national and district reports, performance at easily understood levels of literacy and numeracy is reported. Variations in performance according to many different characteristics of individuals, households, schooling and geographical location are also considered. Uwezo recognises that equity has many dimensions that can only be explained if these variations are exposed. Uwezo also recognises that schools remain the formal pathway through which basic literacy and numeracy skills would be acquired and hence the need to examine the school contexts of learning. For this reason, Uwezo has conducted some school surveys alongside the Company's household-based assessments. It is for this same reason that in 2016, Uwezo sought to inquire on how children emerge from the foundational skills into deepened learning when the breadth and depth of learning demands become evident. Uwezo therefore conducted the Uwezo Beyond Basics Assessment in school settings, targeting more advanced literacy and numeracy skills that form part of the Primary Grade 4 curriculum and using samples of children attending Primary Grades 5 and 6. The 'Beyond Basics' assessments showed similar delays in the mastery of skills intended for Primary Grade 4, further highlighting the learning crisis.

Furthermore, in 2019, the Uwezo assessment methodology was deployed to try and understand the situation of young people aged 14-20 in Uganda, many of whom have left school and others have transitioned to secondary and tertiary education, in relation to the demands of employment and every-day living for 'functional' literacy and numeracy. What levels of skill have they acquired in common uses of English and mathematics? What difficulties are they likely to face in the workplace with regard to understanding instructions, providing necessary information in writing, working with measurements and performing calculations? The findings revealed that majority of young persons are categorized from lower to middle literacy and numeracy levels, an indication of low functional abilities (Uwezo Uganda 2020). Overall, the pilot demonstrated that it was possible to use Uwezo assessment approach and objectively assess the functional learning outcomes of young persons in literacy and numeracy that are required in the workplace and everyday life. We have also recognised that the equity agenda includes interrogating learning levels for children in difficulties or in isolated localities. As a regular part of the Uwezo work, Uwezo has utilised assessment evidence to engage communities and school systems to create awareness and trigger local actions for improved learning (Nakabugo and Savage 2018). In 2017, Uwezo also carried out a small, comparative study, applying its assessment of basic skills to children in Uganda's refugee settlements and comparing their learning outcomes and learning conditions with those of children in host communities in the same districts (Uwezo 2018b).

Through this work, the adaptability of the Uwezo citizen-led learning assessment methodology and tools to crisis contexts was demonstrated. The work was referenced in the 2018 Global Education Monitoring Report (GEMR) on Migration, Displacement and Education (UNESCO 2018: 60).

## **STRATEGIC GOALS AND OUTCOMES FOR UWEZO UGANDA IN 2020-2023**

### **Goal I: Assessment of learning**

To produce independent evidence on the learning levels of children, their distribution and factors associated with them.

#### **Outcomes for Goal I**

1. Policy actors, practitioners and the public have increased knowledge, awareness and understanding of children's learning outcomes and their distribution.
2. The evidence is used to improve resource allocation and the delivery of education.

### **Goal II: Research and experimentation**

To carry out research and promote innovations that have the potential to improve the level and distribution of learning outcomes in basic education.

#### **Outcomes for Goal II**

1. As a result of the research and experimental work of Uwezo, policy actors and practitioners have increased knowledge and awareness of interventions that could improve learning outcomes and make them more equitable.
2. The findings from the research and experimental work are used to improve educational policies and practices.

### **Goal III: Engagement**

To engage with policy actors and with the public to influence and promote policies and practices for improved and more equitable learning outcomes.

#### **Outcomes for Goal III**

1. Policy actors and practitioners use the evidence from the assessments, research and innovations of Uwezo to inform decision making and educational practices.
2. Parents and communities become stronger partners of schools at the local level to improve learning.

### **Goal IV: Institutional development**

To establish and develop Uwezo Uganda as an independent not-for-profit organisation in Uganda with the capacity and resources to execute its mission effectively.

#### **Outcomes for Goal IV**

1. Governance structures and systems are in place and regularly reviewed and improved.
2. Uwezo has the human and financial resources and capacity to carry out its mission.
3. Partnerships are established with relevant stakeholders from the village to the global level and they support Uwezo to achieve and sustain its mission.
4. A network of capable and motivated Uwezo assessment volunteers is established and working towards improving learning.

**FINANCIAL RESULTS FOR THE YEAR**

The financial results for the year are presented in the statement of income and expenditure.

**FINANCIAL RESERVES**

The Company's financial reserves are set out in the statement of changes in reserves.

**DIRECTORS**

The directors who held office during the year and to the date of this report were:

Prof. Albert James Lutalo-Bosa	Chairperson, Board of Directors
Prof. Joyce Ayikoru	Director
Dr. Charles Tony Mukasa-Lusambu	Director
Mr. James Muwonge	Director
Dr. Sarah Nakabo Ssewanyana	Director
Dr. Mary Goretti Nakabugo	Executive Director

**AUDITOR**

The auditor, Ernst & Young, has expressed willingness to continue in office in accordance with Section 167 (2) of the Companies Act 2012.

By order of the Board

*Kiuto Ssekiboleto*

*[Signature]*

.....

**Secretary**

*30 September*

.....2022



**UWEZO UGANDA LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---


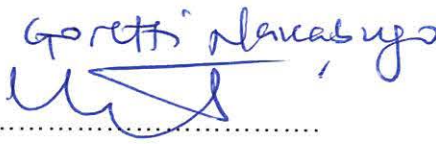
The Uganda Companies Act 2012 requires the directors to prepare financial statements for each financial period that present fairly the state of financial affairs of the Company as at the end of the financial year and of its financial results for the year then ended. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors are ultimately responsible for the internal controls of the Company. The directors delegate the responsibility for the internal control 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. Appropriate accounting policies supported by reasonable and prudent judgements and estimates, are applied on a consistent basis and using a going concern basis. These systems and controls include proper delegation of responsibilities, within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards for Small and Medium-Sized entities (IFRS for SMEs) and the requirements of the Uganda Companies Act 2012. The directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its financial results for the period. The directors further accept 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. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Company, has occurred during the period.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

The financial statements were approved by the Board of Directors on 30 September 2022 and signed on its behalf by:

<p>ALBERT JAMES LUTHALO-BOSA</p> <p></p> <p>.....</p> <p>Director</p>	<p>Mary Goretti Nkumbi</p> <p></p> <p>.....</p> <p>Director</p>
--	---

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF UWEZO UGANDA LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Uwezo Uganda Limited (the "Company") set out on pages 10 to 30, which comprise the statement of financial position as at 31 December 2021, and the statement of income and expenditure, statement of changes in reserves and statement of cash flows for the year ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Uwezo Uganda Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Companies Act, 2012 of Uganda.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

#### **Other Information**

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)**

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs and the requirements of the Companies Act, 2012 of Uganda, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **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 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

We communicate with the directors 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 identify during our audit.

## REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Companies Act, 2012 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 purposes of our audit;
- ii) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) The Company's statement of financial position and statement of income and expenditure are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Julius Rwajekare - P0307.



Ernst & Young  
Certified Public Accountants of Uganda  
Kampala



Julius Rwajekare  
Partner

11/10/

2022

UWEZO UGANDA LIMITED  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Ushs	2020 Ushs
Grant income	3	2,361,203,685	1,590,275,145
Other income	4	5,615,856	4,713,322
<b>Total income</b>		<b><u>2,366,819,541</u></b>	<b><u>1,594,988,467</u></b>
Program costs	5	(1,615,356,683)	(961,889,784)
Administration costs	6	(818,268,614)	(646,500,246)
<b>Total expenditure</b>		<b><u>(2,433,625,297)</u></b>	<b><u>(1,608,390,030)</u></b>
<b>Deficit before tax</b>	7	<b>(66,805,756)</b>	<b>(13,401,563)</b>
<b>Income tax expense</b>	8(a)	<b>_____ -</b>	<b>_____ -</b>
<b>Deficit for the year/period</b>		<b><u>(66,805,756)</u></b>	<b><u>(13,401,563)</u></b>



**UWEZO UGANDA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

<b>ASSETS</b>	<b>Notes</b>	<b>2021 Ushs</b>	<b>2020 Ushs</b>
<b>Non-current assets</b>			
Property and equipment	9(a)	69,285,430 <u>69,285,430</u>	91,081,575 <u>91,081,575</u>
<b>Current assets</b>			
Accounts receivable	10	23,717,579	51,881,455
Cash and bank balances	11	2,255,427,933 <u>2,279,145,512</u>	1,672,274,927 <u>1,724,156,382</u>
<b>TOTAL ASSETS</b>		<u>2,348,430,942</u>	<u>1,815,237,957</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
General reserves		(80,207,319) <u>(80,207,319)</u>	(13,401,563) <u>(13,401,563)</u>
<b>Non-current Liabilities</b>			
Deferred capital income	9(b)	7,145,957 <u>7,145,957</u>	9,870,819 <u>9,870,819</u>
<b>Current Liabilities</b>			
Deferred income	12	2,381,794,243	1,694,356,656
Accounts payable	13	39,698,061	124,412,045
<b>Current Liabilities</b>		<u>2,421,492,304</u>	<u>1,818,768,701</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u>2,348,430,942</u>	<u>1,815,237,957</u>

The financial statements were approved by the Board of Directors on 30 September 2022 and signed on its behalf by:

ALBERT JAMIES LUTAHU-BOSA  
Aluhela-Bosa  
 Director

Mary Goretti Nancabyo  
 Director



UWEZO UGANDA LIMITED  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2021

---

	Ushs
Opening balance	-
Deficit for the period	(13,401,563)
<b>At 31 December 2020</b>	<b><u>(13,401,563)</u></b>
At 1 January 2021	(13,401,563)
Deficit for the year	(66,805,756)
<b>At 31 December 2021</b>	<b><u>(80,207,319)</u></b>

**THE UWEZO UGANDA LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 Ushs	2020 Ushs
<b>OPERATING ACTIVITIES</b>			
Deficit for the year/period		(66,805,756)	(13,401,563)
<i>Adjustments for non-cash items:</i>			
Amortisation of deferred operating income	12	(2,361,203,685)	(1,590,275,145)
Amortisation of deferred capital income	4	(2,724,862)	(2,724,862)
Interest income	4	(2,890,994)	(1,988,460)
Depreciation of property and equipment	9(a)	30,361,145	8,186,920
<i>Working capital adjustments:</i>			
Decrease/(increase) in accounts receivable		28,163,876	(51,881,455)
(Decrease)/increase in accounts payable		(84,713,984)	124,412,045
		<b>(2,459,814,260)</b>	<b>(1,527,672,520)</b>
Interest received	4	2,890,994	1,988,460
<b>Net cash flows used in operating activities</b>		<b><u>(2,456,923,266)</u></b>	<b><u>(1,525,684,060)</u></b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	9(b)	(8,565,000)	(86,672,814)
<b>Net cash flows used in investing activities</b>		<b><u>(8,565,000)</u></b>	<b><u>(86,672,814)</u></b>
<b>FINANCING ACTIVITIES</b>			
Operating grant income received	12	3,048,641,272	3,284,631,801
<b>Net cash flows from financing activities</b>		<b><u>3,048,641,272</u></b>	<b><u>3,284,631,801</u></b>
Net increase in cash and cash equivalents		583,153,006	1,672,274,927
Cash and cash equivalents at the beginning of the year/period		1,672,274,927	-
<b>Cash and cash equivalents at 31 December</b>	11	<b><u>2,255,427,933</u></b>	<b><u>1,672,274,927</u></b>

**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**1. COMPANY INFORMATION**

Uwezo Uganda Limited (the "Company") was registered with registration number 80020002150575 on 15 October 2019 as a limited liability company. The Company's principal activity is improving equitable learning outcomes through a) generating evidence, b) identifying and testing innovations that improve learning and c) advocating for changes in policy and practice to support equitable learning. The address of its registered office is:

Uwezo Uganda Limited  
Plot 436/437, Corner House  
Kamwokya, Kampala District  
P.O. Box 33275  
Kampala, Uganda.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards for Small and Medium Sized Enterprises (IFRS for SMEs) as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies Act, 2012 of Uganda.

The financial statements have been prepared on a historical cost basis, except where otherwise stated. The financial statements are presented in Uganda Shillings (Ushs).

For purposes of reporting under the Companies Act, 2012 of Uganda, the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is represented by the statement of income and expenditure.

**b) Significant accounting judgements and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities including the disclosure of contingent liabilities, at the end of the period. However, uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected, in future periods. All estimates and assumptions required in conformity with IFRS for SMEs are best estimates undertaken in accordance with the applicable standards.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that could have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below. The Company bases its assumptions and estimates on the conditions / parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances arising beyond the control of the Company. Such changes shall be reflected in the assumptions when they occur.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Significant accounting judgements and assumptions (Continued)**

**Estimates and assumptions (Continued)**

*Taxation*

The Company is subject to income taxes under the Income Tax Act, Cap 340 (as amended). Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with tax planning strategies.

Refer to Note 8 for further disclosures on taxation.

*Useful lives of assets*

The estimated useful lives and residual values of items of property and equipment are reviewed annually and are in line with the rates at which they are depreciated.

Refer to Note 8 for the carrying amount of property and equipment.

**c) Going concern**

The Company's management and directors have assessed the Company's ability to continue in operation as a going concern and are satisfied that the Company has access to the necessary resources to continue in operation for the foreseeable future. Furthermore, the directors and management are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

**d) Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

**Income and deferred income**

Funding is sourced from donors to enable execution of the annual activities and ultimately the achievement of the Company's objectives. Grant income is recognised to the extent of utilisation on the expenses during the reporting period. The grant income utilised on project activities is recognised in the statement of income and expenditure and the amount not utilised recognised as deferred grant income in the statement of financial position.

Other income is recognised when earned.



**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Summary of significant accounting policies (Continued)**

**Taxation**

The tax expense for the period comprises current income and deferred tax. Tax is recognised in the statement of income and expenditure for the period except to the extent that it relates to items recognised in other comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income or directly through equity respectively.

Current income tax is the amount of income tax payable on the taxable income for the year determined in accordance with the Uganda Income Tax Act, Cap 340 (as amended). Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax is provided for in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be utilized.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax relating to items recognised outside surplus or deficit is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority.

2. BASIS OF PREPARTION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Summary of significant accounting policies (Continued)

**Property and equipment**

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement income and expenditure during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life, as follows:

Computers and accessories	33.3%
Office equipment	25%
Furniture and fittings	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

At each reporting date, property and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of income and expenditure.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in the statement of income and expenditure.

**Accounts receivables**

Amounts recoverable are measured at fair value less an estimate made for doubtful recoverable based on a review of all outstanding amounts at year end. Specific provisions are made for all known doubtful debts. Bad debts are written off in the period in which they are identified when all reasonable steps to recover them have been taken without success.

Payments to partners and service providers are recorded as prepayments in the statement of financial position and only expensed when the related services or supplies have been received by the Company or the related activities have been implemented by the partners.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d) Summary of significant accounting policies (Continued)

#### **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and balances held with the banks.

Bank balances are initially measured at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

#### **General reserves**

These relate to the accumulated surplus or deficit from the Company's operations. The Company is not-for-profit and therefore the reserves are not distributable.

#### **Deferred income**

Deferred operating income relates to unutilised grant income as at the end of financial period.

Deferred capital income relates to the unamortised amount of donations for purchasing of property and equipment. The amount is amortised to the statement of income and expenditure over the useful lives of the related assets.

#### **Employee benefits**

The Company and its employees contribute to the National Social Security Fund which is a defined contribution scheme. A defined contribution plan is a retirement benefit plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company's contributions of 10% on employee emoluments are charged to the statement of income and expenditure in the period to which they relate.

#### **Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d) Summary of significant accounting policies (Continued)

#### Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Ushs.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenditure.

#### Financial liabilities

The Company's financial liabilities comprise accounts payables. These financial liabilities are initially measured at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in the statement of income and expenditure.

#### Offsetting of financial assets

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### e) New and amended standards and interpretations

The standards and amendments, which are effective for during the reporting period had no significant impact on the Company's financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the Company's financial statements.



**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. GRANT INCOME**

	<b>2021</b>	<b>2020</b>
	<b>Ushs</b>	<b>Ushs</b>
Mott/FCDO Uganda	255,077,783	980,563,948
Wellspring Philanthropic Fund (WPF)	846,589,848	400,965,572
Twaweza East Africa	-	132,704,787
Echidna Giving	1,093,452,000	-
Other donors / funding partners	166,084,054	76,040,838
<b>Total</b>	<b><u>2,361,203,685</u></b>	<b><u>1,590,275,145</u></b>

Grant income relates to funding sourced and earned during the year from the various donors.

**4. OTHER INCOME**

	<b>2021</b>	<b>2020</b>
	<b>Ushs</b>	<b>Ushs</b>
Amortisation of deferred capital income [Note 9(b)]	2,724,862	2,724,862
Interest income	2,890,994	1,988,460
	<b><u>5,615,856</u></b>	<b><u>4,713,322</u></b>

**5. PROGRAM COSTS**

	<b>2021</b>	<b>2020</b>
	<b>Ushs</b>	<b>Ushs</b>
Salaries and staff costs for evidence goal	285,641,783	322,515,178
Salaries and staff costs for engagements goal	175,672,702	199,602,597
Salaries and staff costs for insights goal	143,544,757	177,601,833
Employee benefits expenses	52,067,439	59,387,862
Pilot study on assessing everyday young person's reading, writing and math	-	3,393,000
Scaling up of study on assessing everyday young person's reading, writing and math	-	9,149,026
In depth study of the extent and effect of the spill over of refugee children in mainstream schools	-	6,820,934
Developing community-based preschools for greater accessibility and improved learning	2,275,837	26,540,558
Sub-national engagements	900,000	41,766,930
Engaging with policy makers	24,479,025	37,983,265
Community led learning assessment	90,846,112	2,143,400
Special projects expenditure	4,605,110	74,985,201
Assessment of Life Skills & Values in East Africa - ALiVE	70,782,055	-
Basic Assessment of Learning Outcomes	674,881,013	-
Every Language Teaches Us	25,231,100	-
KIX (ICARE & ICAN assessments)	36,772,750	-
Schools 2030 Project	27,657,000	-
	<b><u>1,615,356,683</u></b>	<b><u>961,889,784</u></b>

**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. ADMINISTRATION COSTS**

	<b>2021</b>	<b>2020</b>
	<b>Ushs</b>	<b>Ushs</b>
Salaries and staff costs independent of Uwezo goals	376,936,232	329,935,242
Employee benefits expenses	33,139,308	29,525,418
Other staff expenses	10,595,000	10,302,700
Bank charges	4,254,340	2,645,933
Engagement at Global level-contribution to global knowledge through presentations and publications	3,087,854	909,322
Planning and reporting	25,675,414	20,716,443
Management and strategic support	-	2,082,137
Uwezo values, policies, procedures and compliance	48,496,765	45,303,983
Governance, board and donor meetings	45,961,743	36,101,676
Repairs and maintenance	1,490,800	930,600
Transport	1,860,500	1,833,300
Office assets insurance	1,432,175	153,590
Electricity bills	4,554,920	2,913,273
Office stationery costs	2,190,369	4,883,765
Office telephone expenses	100,000	138,000
Staff mobile phone airtime	7,533,000	7,047,086
Office internet and website maintenance costs	21,259,978	27,033,615
Other miscellaneous software licenses requested by staff	9,749,589	4,488,840
Minor equipment purchases	1,160,000	6,374,022
Routine and internal servicing of IT equipment	-	459,738
Staff recruitment and motivation to realize Uwezo goals in a supportive environment	4,839,300	2,629,100
Office rent	72,005,669	65,816,767
Office cleanliness	8,319,000	8,440,072
Organisational learning	1,949,917	1,105,955
Interns expenses	13,381,807	11,152,726
Depreciation of donated assets [Note 9(b)]	2,724,862	2,724,862
Depreciation of purchased assets [Note 9(b)]	27,636,283	5,462,058
Foreign exchange loss	69,696,750	15,390,023
Office courier expense	185,000	-
Office Software licenses	15,842,039	-
Toners for photocopiers purchased	2,410,000	-
	<b><u>818,268,614</u></b>	<b><u>646,500,246</u></b>

**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. DEFICIT BEFORE TAX**

	<b>2021</b> <b>Ushs</b>	<b>2020</b> <b>Ushs</b>
The deficit before tax is stated after charging/(crediting):		
Depreciation of donated assets [Note 9(b)]	2,724,862	2,724,862
Depreciation of purchased assets [Note 9(b)]	27,636,283	5,462,058
Amortisation of deferred capital income [Note 9(b)]	(2,724,862)	(2,724,862)
Foreign exchange loss	69,696,750	15,390,023
Auditor's remuneration	<u>19,350,320</u>	<u>18,116,850</u>

**8. TAXATION**

**(a) Income tax charge**

	<b>2021</b> <b>Ushs</b>	<b>2020</b> <b>Ushs</b>
Current income tax charge for the period	-	-
Deferred tax charge for the period [Note 8(c)]	<u>-</u>	<u>-</u>

**(b) Reconciliation of tax charge**

Accounting deficit before tax	(66,805,756)	(13,401,563)
Tax at the applicable rate of 30%	(20,041,726)	(4,020,469)
Tax effect of non-taxable income	(817,459)	(817,459)
Deferred tax credit not recognised (Note 8c)	<u>20,859,185</u>	<u>4,837,928</u>
	<u>-</u>	<u>-</u>

**(c) Deferred tax asset**

The Company's deferred tax asset has not been recognised due to uncertainty of recoverability of the asset. There is currently no sufficient evidence that the Company will have taxable income in the future against which the deferred tax asset will be utilised.

Deferred tax is calculated using the enacted income tax rate of 30%. The deferred tax asset at year-end comprises:

<b>At 31 December 2021</b>	<b>Opening balance</b> <b>Ushs</b>	<b>Movement</b> <b>Ushs</b>	<b>At end of year</b> <b>Ushs</b>
Accelerated capital allowances	9,590,563	(1,902,204)	7,688,359
Income tax losses	<u>(14,428,491)</u>	<u>(18,956,981)</u>	<u>(33,385,472)</u>
<b>Net deferred tax asset</b>	<u><b>(4,837,928)</b></u>	<u><b>(20,859,185)</b></u>	<u><b>(25,697,113)</b></u>
<b>At 31 December 2020</b>	<b>Opening balance</b> <b>Ushs</b>	<b>Movement</b> <b>Ushs</b>	<b>At end of year</b> <b>Ushs</b>
Accelerated capital allowances	-	9,590,563	9,590,563
Tax losses	<u>-</u>	<u>(14,428,491)</u>	<u>(14,428,491)</u>
<b>Net deferred tax asset</b>	<u><b>-</b></u>	<u><b>(4,837,928)</b></u>	<u><b>(4,837,928)</b></u>



UWEZO UGANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

9. PROPERTY AND EQUIPMENT

(a) Net carrying amount

Year ended 31 December 2021

	Computer & accessories Ushs	Furniture & fittings Ushs	Office equipment Ushs	Total Ushs
<b>Cost</b>				
At 1 January 2021	65,248,822	15,677,314	18,342,359	99,268,495
Additions	<u>6,995,000</u>	<u>-</u>	<u>1,570,000</u>	<u>8,565,000</u>
At 31 December 2021	<u>72,243,822</u>	<u>15,677,314</u>	<u>19,912,359</u>	<u>107,833,495</u>
<b>Depreciation</b>				
At 1 January 2021	5,036,310	1,773,010	1,377,600	8,186,920
Charge for the year	<u>23,474,859</u>	<u>1,959,673</u>	<u>4,926,613</u>	<u>30,361,145</u>
At 31 December 2021	<u>28,511,169</u>	<u>3,732,683</u>	<u>6,304,213</u>	<u>38,548,065</u>
<b>Net carrying amount</b>				
At 31 December 2021	<u>43,732,653</u>	<u>11,944,631</u>	<u>13,608,146</u>	<u>69,285,430</u>

Year ended 31 December 2020

	Computer & accessories Ushs	Furniture & fittings Ushs	Office equipment Ushs	Total Ushs
<b>Cost</b>				
Opening balance	-	-	-	-
Additions	<u>65,248,822</u>	<u>15,677,314</u>	<u>18,342,359</u>	<u>99,268,495</u>
At 31 December 2020	<u>65,248,822</u>	<u>15,677,314</u>	<u>18,342,359</u>	<u>99,268,495</u>
<b>Depreciation</b>				
Opening balance	-	-	-	-
Charge for the period	<u>5,036,310</u>	<u>1,773,010</u>	<u>1,377,600</u>	<u>8,186,920</u>
At 31 December 2020	<u>5,036,310</u>	<u>1,773,010</u>	<u>1,377,600</u>	<u>8,186,920</u>
<b>Net carrying amount</b>				
At 31 December 2020	<u>60,212,512</u>	<u>13,904,304</u>	<u>16,964,759</u>	<u>91,081,575</u>



**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. PROPERTY AND EQUIPMENT (CONTINUED)**

**(b) Analysis of depreciation and net carrying amount of purchased and donated assets**

**At 31 December 2021**

Description	Donated assets Ushs	Purchased assets Ushs	Total Ushs
Computers & accessories	1,667,544	21,807,315	23,474,859
Furniture & fittings	839,693	1,119,980	1,959,673
Office equipment	217,625	4,708,988	4,926,613
<b>Total depreciation charge</b>	<b><u>2,724,862</u></b>	<b><u>27,636,283</u></b>	<b><u>30,361,145</u></b>

**At 31 December 2020**

Description	Donated assets Ushs	Purchased assets Ushs	Total Ushs
Computers & accessories	1,667,544	3,368,766	5,036,310
Furniture & fittings	839,693	933,317	1,773,010
Office equipment	217,625	1,159,975	1,377,600
<b>Total depreciation charge</b>	<b><u>2,724,862</u></b>	<b><u>5,462,058</u></b>	<b><u>8,186,920</u></b>

The net carrying amounts for purchased and donated property and equipment are presented below:

**Purchased assets**

At 31 December 2021	Computer & accessories Ushs	Furniture & fittings Ushs	Office equipment Ushs	Total Ushs
Opening balance	60,241,181	8,959,773	17,471,860	86,672,814
Additions	6,995,000	-	1,570,000	8,565,000
<b>At 31 December 2021</b>	<b><u>67,236,181</u></b>	<b><u>8,959,773</u></b>	<b><u>19,041,860</u></b>	<b><u>95,237,814</u></b>
<b>Depreciation</b>				
Opening balance	3,368,766	933,317	1,159,975	5,462,058
Charge for the period	21,807,315	1,119,980	4,708,988	27,636,283
<b>At 31 December 2021</b>	<b><u>25,176,081</u></b>	<b><u>2,053,297</u></b>	<b><u>5,868,963</u></b>	<b><u>33,098,341</u></b>
<b>Net carrying amount</b>				
<b>At 31 December 2021</b>	<b><u>42,060,100</u></b>	<b><u>6,906,476</u></b>	<b><u>13,172,897</u></b>	<b><u>62,139,473</u></b>

**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. PROPERTY AND EQUIPMENT (CONTINUED)**

**(b) Analysis of depreciation and net carrying amount of purchased and donated assets**

**Purchased assets (continued)**

<b>At 31 December 2020</b>	<b>Computer &amp; accessories Ushs</b>	<b>Furniture &amp; fittings Ushs</b>	<b>Office equipment Ushs</b>	<b>Total Ushs</b>
Opening balance	-	-	-	-
Additions	<u>60,241,181</u>	<u>8,959,773</u>	<u>17,471,860</u>	<u>86,672,814</u>
<b>At 31 December 2020</b>	<b><u>60,241,181</u></b>	<b><u>8,959,773</u></b>	<b><u>17,471,860</u></b>	<b><u>86,672,814</u></b>
<b>Depreciation</b>				
Opening balance	-	-	-	-
Charge for the period	<u>3,368,766</u>	<u>933,317</u>	<u>1,159,975</u>	<u>5,462,058</u>
<b>At 31 December 2020</b>	<b><u>3,368,766</u></b>	<b><u>933,317</u></b>	<b><u>1,159,975</u></b>	<b><u>5,462,058</u></b>
<b>Net carrying amount</b>				
<b>At 31 December 2020</b>	<b><u>56,872,415</u></b>	<b><u>8,026,456</u></b>	<b><u>16,311,885</u></b>	<b><u>81,210,756</u></b>
<b>Donated assets</b>				
<b>At 31 December 2021</b>	<b>Computer &amp; accessories Ushs</b>	<b>Furniture &amp; fittings Ushs</b>	<b>Office equipment Ushs</b>	<b>Total Ushs</b>
Opening balance	5,007,641	6,717,541	870,499	12,595,681
Additions	-	-	-	-
<b>At 31 December 2021</b>	<b><u>5,007,641</u></b>	<b><u>6,717,541</u></b>	<b><u>870,499</u></b>	<b><u>12,595,681</u></b>
<b>Depreciation</b>				
Opening balance	1,667,544	839,693	217,625	2,724,862
Charge for the period	<u>1,667,544</u>	<u>839,693</u>	<u>217,625</u>	<u>2,724,862</u>
<b>At 31 December 2021</b>	<b><u>3,335,088</u></b>	<b><u>1,679,386</u></b>	<b><u>435,250</u></b>	<b><u>5,449,724</u></b>
<b>Net carrying amount</b>				
<b>At 31 December 2021</b>	<b><u>1,672,553</u></b>	<b><u>5,038,155</u></b>	<b><u>435,249</u></b>	<b><u>7,145,957</u></b>

**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. PROPERTY AND EQUIPMENT (CONTINUED)**

(b) Analysis of depreciation and net carrying amount of purchased and donated assets

Donated assets (continued)

At 31 December 2020	Computer & accessories Ushs	Furniture & fittings Ushs	Office equipment Ushs	Total Ushs
Opening balance	-	-	-	-
Additions	<u>5,007,641</u>	<u>6,717,541</u>	<u>870,499</u>	<u>12,595,681</u>
<b>At 31 December 2020</b>	<b><u>5,007,641</u></b>	<b><u>6,717,541</u></b>	<b><u>870,499</u></b>	<b><u>12,595,681</u></b>
<b>Depreciation</b>				
Opening balance	-	-	-	-
Charge for the period	<u>1,667,544</u>	<u>839,693</u>	<u>217,625</u>	<u>2,724,862</u>
<b>At 31 December 2020</b>	<b><u>1,667,544</u></b>	<b><u>839,693</u></b>	<b><u>217,625</u></b>	<b><u>2,724,862</u></b>
<b>Net carrying amount</b>				
<b>At 31 December 2020</b>	<b><u>3,340,097</u></b>	<b><u>5,877,848</u></b>	<b><u>652,874</u></b>	<b><u>9,870,819</u></b>

The unamortised amount of the grants relating to property and equipment is recognised as deferred capital income. The deferred capital income amount is amortised over the useful lives of the donated assets. As such, the deferred capital income is equivalent to the above net carrying amount of the donated assets.

**10. ACCOUNTS RECEIVABLE**

	2021 Ushs	2020 Ushs
Supplier prepayments	7,294,895	7,489,614
Partner prepayments	11,902,945	37,179,202
Other prepayments	4,519,739	6,623,370
Accountable advances	-	589,269
	<b><u>23,717,579</u></b>	<b><u>51,881,455</u></b>

**11. CASH AND BANK BALANCES**

	2021 Ushs	2020 Ushs
Cash at bank	2,253,146,933	1,671,768,927
Cash at hand	<u>2,281,000</u>	<u>506,000</u>
	<b><u>2,255,427,933</u></b>	<b><u>1,672,274,927</u></b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the above balances.

**UWEZO UGANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. DEFERRED OPERATING INCOME**

At 31 December 2021	Opening balance	Amount received	Utilised	Deferred income
Donor/funding partner	Ushs	Ushs	Ushs	Ushs
Mott/FCDO	849,774,792	613,078,674	(255,077,783)	1,207,775,683
Twaweza East Africa	455,355,675	-	-	455,355,675
Wellspring Philanthropic Fund	336,402,155	879,463,863	(846,589,848)	369,276,170
Echidna Giving	-	1,093,452,000	(1,093,452,000)	-
Other donors/funding partners	52,824,034	462,646,735	(166,084,054)	349,386,715
	<u>1,694,356,656</u>	<u>3,048,641,272</u>	<u>(2,361,203,685)</u>	<u>2,381,794,243</u>
At 31 December 2020	Opening balance	Amount received	Utilised	Deferred income
Donor/funding partner	Ushs	Ushs	Ushs	Ushs
Mott/FCDO	-	1,830,338,740	(980,563,948)	849,774,792
Twaweza East Africa	-	588,060,462	(132,704,787)	455,355,675
Wellspring Philanthropic Fund	-	737,367,727	(400,965,572)	336,402,155
Other donors/funding partners	-	128,864,872	(76,040,838)	52,824,034
	-	<u>3,284,631,801</u>	<u>(1,590,275,145)</u>	<u>1,694,356,656</u>

The Company operates a four-year strategy out of which an annual plan is developed setting out the activities to be carried out and resources required to achieve the annual plan. The annual plan is based on availability of funding. Funding is sourced from donors to enable execution of the annual activities and ultimately the achievement of the strategy. Income is recognised to the extent of the expenses incurred during the reporting period. The grant income received but not utilised by the end of the reporting period is recognised as deferred operating income.

**13. ACCOUNTS PAYABLES**

	2021	2020
	Ushs	Ushs
Withholding tax payable	-	724,674
District partners	8,825,975	1,891,399
Consultants	-	22,809,114
Other suppliers	5,281,454	77,884,352
Intern transport facilitation	-	1,463,841
Legal retainer fees payable	1,520,312	1,521,815
Audit fees payable	19,350,320	18,116,850
Internal audit fees payable	4,720,000	-
	<u>39,698,061</u>	<u>124,412,045</u>

**14. CONTINGENT LIABILITIES**

There were no contingent liabilities as at 31 December 2021 (2020: None).



**15. COMMITMENTS**

There were no commitments as at 31 December 2021 (2020: None).

**16. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to financial risks including market risk, credit and liquidity risk. Market risk comprises price risk, interest risk and foreign currency risk. The Company has no price and interest risks as it holds no financial instruments which are price sensitive or have variable interest rates.

The Company's overall risk management focusses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

**Liquidity risk:** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent risk management includes maintaining sufficient cash balances, and the availability of funding from various donors and/ (or) funding partners.

All the Company's financial liabilities are due within 60 days.

**Foreign currency risk:** Foreign currency risk is managed by contracting suppliers in the functional currency to protect the Company from the volatility associated with foreign currency depreciation. The Company also maintains cash balances in the foreign currencies (e.g., Uganda Shillings) in which transactions are done to ensure availability of cash balances to settle liabilities incurred in foreign currencies.

**Credit risk:** The Company endeavors to work with credit worthy third parties. Based on the nature of the core operations, management undertakes reasonable precaution to mitigate against potential for non-recoverability. In addition, receivable balances are monitored on a going concern basis with the result that the Company's exposure to non-recoverability is not significant.

No collateral is held for any of the assets held by the Company. The Company does not grade the credit quality of receivables. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

## 17. IMPACT OF THE COVID-19 PANDEMIC

The measures to slow the spread of Covid-19 have had a significant impact on the global economy and continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others.

The Company took various measures in line with the recommendations of the WHO and Ministry of Health to preserve the health of employees and support the prevention of contagion in administrative and operational areas, such as working from home, cleaning of workplaces, distribution of personal protective equipment, testing of suspected cases and measuring body temperature for all individuals entering the Company premises.

The directors and management have taken into consideration the existing and anticipated effects of the pandemic on the Company's activities and considered the available information about the foreseeable future. The Company's directors and management have assessed that, at the time of issuing these financial statements, it was impracticable to determine and disclose the quantitative extent of the possible effects of the pandemic on the Company. The directors and management have qualitatively assessed the potential impact of the pandemic as follows:

- Decrease in income due to decreased disbursements from grants in case the pandemic has a significant impact on the donors.
- Increased expenditure on health and safety to protect employees and stakeholders and also due to changes in work methods aimed at mitigating the spread of the virus.

The directors expect that the Company will continue operations despite the pandemic. As such, management and the directors do not expect any non financial assets to be impaired because of the pandemic. No other significant changes are expected in the application of judgement and estimates made in the measurement of the Company's assets and liabilities, and in assessing the Company's going concern status.

However, the Company's directors and management consider that it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require material adjustments to the carrying amounts of the assets or liabilities reported in these financial statements. The Company's directors and management will continue to manage the operations closely during the pandemic including taking all necessary remedial actions to ensure continuity of operations.



18. EVENTS AFTER THE REPORTING PERIOD

**COVID-19 pandemic**

The COVID-19 pandemic eased after the reporting period and Government opened up all sectors of the economy in January 2022. The Company's management and directors continue to implement measures to mitigate the impact of the pandemic on the Company and take advantage of the easing of the pandemic.

**Russian/Ukraine conflict**

On 24 February 2022, Russia invaded Ukraine thereby launching a military offensive. NATO members and other countries responded to the invasion by instituting economic sanctions on Russia which include, among others, reduction of imports from Russia and freezing assets of Russian citizens operating in most economies construed to be allied to the Russian Government.

The Company does not have direct dealings with the Russian Government, or any companies based in Russia or Ukraine. However, it is expected that some of the restrictions might have a spill over into other economies and hence indirectly affect the Company. It is also expected that the economic sanctions will affect commodity prices especially oil and gas products and the stability of foreign exchange rates.

There were no other events after the reporting period which require adjustment to or disclosure in the financial statements.

UWEZO UGANDA LIMITED  
 APPENDIX I: GRANT INCOME AND DEFERRED OPERATING INCOME IN USD  
 FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 USD	2020 USD		
1 GRANT INCOME				
Mott/FCDO Uganda	71,095	265,289		
Wellspring Philanthropic Fund (WPF)	240,744	108,876		
Twaweza East Africa	-	36,088		
Other donors / funding partners	46,991	20,734		
Echidna Giving	<u>300,000</u>	-		
	<u>658,830</u>	<u>430,987</u>		
2 DEFERRED OPERATING INCOME				
	Opening balance USD	Amount received USD	Utilised USD	Deferred income USD
Donor/funding partner				
Mott/FCDO	232,075	170,734	(71,095)	331,714
Twaweza East Africa	124,146	-	-	124,146
Wellspring Philanthropic Fund	91,159	249,950	(240,744)	100,365
Other donors/funding partners	14,322	131,350	(46,991)	98,681
Echidna Giving	-	300,000	(300,000)	-
	<u>461,702</u>	<u>852,034</u>	<u>(658,830)</u>	<u>654,906</u>