UWEZO UGANDA LIMITED

ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2022

ACRONYMS AND ABBREVIATIONS

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

TABLE OF CONTENTS

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.

REGISTERED OFFICE ADDRESS

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 2022, 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:

- Assessing children's acquisition of basic skills and knowledge;
- Observing the resources of schools, their educational processes and the conditions in which children attend and learn;
- Carrying out research and encouraging innovations that may help to improve learning outcomes and the school environment;
- 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
- 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 of Uganda.

By order of the Board

Kizito Ssekabootello

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Secretary

21 August **2023**

The Companies Act, 2012 of Uganda 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 that year. 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 judgments and estimates, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities ("the IFRS for SMEs") and in the manner required by the Companies Act, 2012 of Uganda. The directors are of the opinion that the financial statements present fairly in all material respects the state of the financial affairs of the Company and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

In preparing the financial statements, the directors have assessed the Company's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

The financial statements were approved by the Board of Directors on ..21 August.....2023 and signed on its behalf by:

....

Director **Director**

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

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INDEPENDENT AUDITOR'S REPORT
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 2022, and the statement of income and expenditure, statement of changes in reserves and statement of cash flows for the year then ended, 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 Company as at 31 December 2022, 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 ("the 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

The directors are responsible for the other information. The other information comprises the Company Information, the Directors' Report as required by the Companies Act, 2012 of Uganda and the Statement of Directors' Responsibilities. The other information does not include the financial statements and our auditor's report thereon.

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.

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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.

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REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

- 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.

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
....
Ernst & Young
Certified Public Accountants of Uganda
Kampala

Rwajekare
....
Julius Rwajekare
Partner

22/08/ **2023**

UWEZO UGANDA LIMITED
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Ushs	2021 Ushs
Grant income	3	3,466,017,106	2,361,203,685
Other income	4	199,196,256	5,615,856
Total income		**3,665,213,362**	**2,366,819,541**
Program costs	5	(2,659,306,590)	(1,615,356,683)
Administration costs	6	(809,435,378)	(818,268,614)
Total expenditure		**(3,468,741,968)**	**(2,433,625,297)**
Surplus / (deficit) before tax	7	**196,471,394**	**(66,805,756)**
Income tax expense	8(a)	(26,898,301)	-
Surplus / (deficit) for the year		**169,573,093**	**(66,805,756)**

UWEZO UGANDA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

ASSETS	Notes	2022 Ushs	2021 Ushs
Non-current assets			
Property and equipment	9(a)	42,394,657	69,285,430
Held to maturity investment	10	729,689,632	-
		772,084,289	**69,285,430**
Current assets			
Accounts receivable	11	32,068,705	23,717,579
Cash and bank balances	12	2,502,052,785	2,255,427,933
		2,534,121,490	**2,279,145,512**
TOTAL ASSETS		**3,306,205,779**	**2,348,430,942**
RESERVES AND LIABILITIES			
Reserves			
General reserves		89,365,774	(80,207,319)
		89,365,774	**(80,207,319)**
Non-current liabilities			
Deferred tax liability	8 (c)	15,841210	-
Deferred capital income	9(b)	4,421,095	7,145,957
Deferred income	13	726,028,366	-
		746,290,671	**7,145,957**
Current liabilities			
Deferred income	13	2,378,025,088	2,381,794,243
Accounts payable	14	92,524,246	39,698,061
Current liabilities		**2,470,549,334**	**2,421,492,304**
TOTAL RESERVES AND LIABILITIES		**3,306,205,779**	**2,348,430,942**

The financial statements were approved by the Board of Directors on 21 August 2023 and signed on its behalf by:

....
Director

....
Director

THE UWEZO UGANDA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Ushs	2021 Ushs
OPERATING ACTIVITIES			
Surplus/ (deficit) for the year		196,471,394	(66,805,756)
Adjustments for non-cash items:			
Interest income	4	(61,570,849)	(2,890,994)
Depreciation of property and equipment	9(a)	32,324,773	30,361,145
Amortisation of deferred capital income	9(b)	(2,724,862)	(2,724,862)
Amortisation of deferred operating income	13	(3,466,017,106)	(2,361,203,685)
Working capital adjustments:			
(Increase)/decrease in accounts receivable		(8,351,126)	28,163,876
Increase/(decrease) in accounts payable		52,826,185	(84,713,984)
Withholding tax as final tax	8	(11,057,091)	-
Net cash flows used in operating activities		**(3,268,098,682)**	**(2,459,814,260)**
INVESTING ACTIVITIES			
Interest received	4	6,285,392	2,890,994
Interest received on treasury bond		51,624,191	-
Purchase of property and equipment	9(b)	(5,434,000)	(8,565,000)
Purchase of treasury bond	10	(726,028,366)	-
Net cash flows used in investing activities		**(673,552,783)**	**(5,674,006)**
FINANCING ACTIVITIES			
Operating grant income received	13	4,188,276,317	3,048,641,272
Net cash flows from financing activities		**4,188,276,317**	**3,048,641,272**
Net increase in cash and cash equivalents		**246,624,852**	**583,153,006**
Cash and cash equivalents at 1 January		2,255,427,933	1,672,274,927
Cash and cash equivalents at 31 December	**12**	**2,502,052,785**	**2,255,427,933**

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 PREPARTION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards for Small and Medium Sized Enterprises ("the 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 PREPARTION 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 9 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 PREPARTION 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 PREPARTION 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.

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.

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

d) Summary of significant accounting policies (Continued)

Financial liabilities
The Company's financial liabilities comprise accounts payables.

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 instruments
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 realise the asset and settle the liability simultaneously.

e) New and amended standards and interpretations

The standards and amendments, which are effective for 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.

3. GRANT INCOME

	2022 Ushs	2021 Ushs
Mott/FCDO Uganda	1,260,577,123	255,077,783
Wellspring Philanthropic Fund (WPF)	770,760,275	846,589,848
Echidna Giving	-	1,093,452,000
Luigi Giussani Institute of Higher Education	1,058,406,338	-
Zizi Afrique Foudation - Young ALiVE	221,983,995	-
Other donors / funding partners	154,289,375	166,084,054
Total	**3,466,017,106**	**2,361,203,685**

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

4. OTHER INCOME

	2022 Ushs	2021 Ushs
Amortisation of deferred capital income [Note 9(b)]	2,724,862	2,724,862
Interest earned on bank balances	6,285,392	2,890,994
Interest earned on treasury bond	55,285,457	-
Unrealised foreign exchange gain	134,900,545	-
	199,196,256	**5,615,856**

5. PROGRAM COSTS

	2022 Ushs	2021 Ushs
Salaries and staff costs for evidence goal	306,231,819	285,641,783
Salaries and staff costs for engagements goal	196,433,373	175,672,702
Salaries and staff costs for insights goal	156,035,719	143,544,757
Employee benefits expenses	57,233,258	52,067,439
Scaling up of study on assessing everyday young person's reading, writing and math	134,854,518	-
In depth study of the extent and effect of the spill over of refugee children in mainstream schools	19,598,111	-
Developing community-based preschools for greater accessibility and improved learning	8,721,240	2,275,837
Sub-national engagements	10,790,675	900,000
Engaging with policy makers	38,925,196	24,479,025
Community led learning assessment	438,908,906	90,846,112
Special projects expenditure	-	4,605,110
Assessment of Life Skills & Values in East Africa - ALiVE	1,050,936,628	70,782,055
Basic Assessment of Learning Outcomes	-	674,881,013
Every Language Teaches Us	2,779,800	25,231,100
KIX (ICARE & ICAN assessments)	27,549,012	36,772,750
Schools 2030 project	30,526,700	27,657,000
Research on Pupil Absenteeism	13,758,000	-
Writing project	48,615,595	-
Young ALiVE	117,408,040	-
	2,659,306,590	**1,615,356,683**

6. ADMINISTRATION COSTS

	2022 Ushs	2021 Ushs
Salaries and staff costs independent of Uwezo goals	418,535,337	376,936,232
Employee benefits expenses	36,248,540	33,139,308
Other staff expenses	20,413,529	10,595,000
Bank charges	5,496,504	4,254,340
Engagement at Global level-contribution to global knowledge through presentations and publications	23,205,968	3,087,854
Planning and reporting	29,426,374	25,675,414
Uwezo values, policies, procedures and compliance	48,327,699	48,496,765
Governance, board and donor meetings	41,228,503	45,961,743
Repairs and maintenance	295,000	1,490,800
Transport	3,002,400	1,860,500
Office assets insurance	1,953,651	1,432,175
Electricity bills	4,421,587	4,554,920
Office stationery costs	1,988,900	2,190,369
Office telephone expenses	400,000	100,000
Staff mobile phone airtime	7,719,000	7,533,000
Office internet and website maintenance costs	25,914,878	21,259,978
Other miscellaneous software licenses requested by staff	-	9,749,589
Minor equipment purchases	487,000	1,160,000
Routine and internal servicing of IT equipment	2,255,000	-
Staff recruitment and motivation to realize Uwezo goals in a supportive environment	5,886,200	4,839,300
Office rent	63,502,480	72,005,669
Office cleanliness	8,319,000	8,319,000
Organisational learning	1,819,708	1,949,917
Interns expenses	12,329,811	13,381,807
Depreciation of donated assets [Note 9(b)]	2,724,862	2,724,862
Depreciation of purchased assets [Note 9(b)]	29,599,911	27,636,283
Foreign exchange loss	-	69,696,750
Office courier expense	72,000	185,000
Office Software licenses	11,811,536	15,642,039
Toners for photocopiers purchased	2,050,000	2,410,000
	809,435,378	818,268,614

7. SURPLUS / (DEFICIT) BEFORE TAX

	2022 Ushs	2021 Ushs
The surplus 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)]	29,599,911	27,636,283
Amortisation of deferred capital income [Note 9(b)]	(2,724,862)	(2,724,862)
Interest on treasury bond	(55,285,457)	-
Foreign exchange (gain)/loss	(134,900,545)	69,696,750
Auditor's remuneration	22,164,267	19,350,320

8. TAXATION

	2022 Ushs	2021 Ushs
(a) Income tax charge		
Current income tax charge for the year	-	-
Withholding tax as a final tax	11,057,091	
Deferred tax charge for the year [Note 8(c)]	15,841,210	-
	26,898,301	-
(b) Reconciliation of tax charge		
Accounting surplus / (deficit) before tax	196,471,394	(66,805,756)
Tax at the applicable rate of 30%	58,941,418	(20,041,727)
Tax effect of non-taxable income	(17,403,096)	(817,458)
Deferred tax credit not recognised [Note 8(c)] (Note 8c)	(25,697,113)	20,859,185
Withholding tax as a final tax	11,057,092	-
	26,898,301	-

(c) Deferred tax liability

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

At 31 December 2022	**Opening balance Ushs**	**Movement Ushs**	**At end of year Ushs**
Accelerated capital allowances	7,688,359	(4,764,703)	2,923,656
Short term timing differences	-	40,470,163	40,470,163
Income tax losses	(33,385,472)	5,832,863	(27,552,609)
Net deferred tax asset	**(25,697,113)**	**41,538,323**	**15,841,210**
Deferred tax asset/(credit) not recognised	25,697,113	(25,697,113)	-
Net deferred tax charge/liability recognised	-	**15,841,210**	**15,841,210**

At 31 December 2021	**Opening balance Ushs**	**Movement Ushs**	**At end of year Ushs**
Accelerated capital allowances	9,590,563	(1,902,204)	7,688,359
Income tax losses	(14,428,491)	(18,956,981	(33,385,472)
Net deferred tax asset	**(4,837,928)**	**(20,859,185)**	**(25,697,113)**
Deferred tax asset/credit not recognised	4,837,928	20,859,185	25,697,113
Net deferred tax asset recognised	-	-	-

9. PROPERTY AND EQUIPMENT

(a) Net carrying amount

Year ended 31 December 2022

	Computer & accessories Ushs	Furniture & fittings Ushs	Office equipment Ushs	Total Ushs
Cost				
At 1 January 2022	72,243,822	15,677,314	19,912,359	107,833,495
Additions	5,434,000	-	-	5,434,000
At 31 December 2022	**77,677,822**	**15,677,314**	**19,912,359**	**113,267,495**
Depreciation				
At 1 January 2022	28,511,169	3,732,683	6,304,213	38,548,065
Charge for the year	25,387,028	1,959,674	4,978,071	32,324,773
At 31 December 2022	**53,898,197**	**5,692,357**	**11,282,284**	**70,872,838**
Net carrying amount				
At 31 December 2021	**23,779,625**	**9,984,957**	**8,630,075**	**42,394,657**

Year ended 31 December 2021

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

9. PROPERTY AND EQUIPMENT (CONTINUED)

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

At 31 December 2022

Description	Donated assets Ushs	Purchased assets Ushs	Total Ushs
Computers and accessories	1,667,544	23,719,484	25,387,028
Furniture and fittings	839,693	1,119,980	1,959,673
Office equipment	217,625	4,760,447	4,978,072
Total depreciation charge	**2,724,862**	**29,599,911**	**32,324,773**

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
Total depreciation charge	**2,724,862**	**27,636,283**	**30,361,145**

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

Purchased assets

At 31 December 2022	Computer & accessories Ushs	Furniture & fittings Ushs	Office equipment Ushs	Total Ushs
Opening balance	67,236,181	8,959,773	19,041,860	95,237,814
Additions	5,434,000	-	-	5,434,000
At 31 December 2022	**72,670,181**	**8,959,773**	**19,041,860**	**100,671,814**
Depreciation				
Opening balance	25,176,081	2,053,297	5,868,963	33,098,341
Charge for the year	23,719,483	1,119,981	4,760,447	29,599,911
At 31 December 2022	**48,895,564**	**3,173,278**	**10,629,410**	**62,698,252**
Net carrying amount				
At 31 December 2022	**23,774,617**	**5,786,495**	**8,412,450**	**37,973,562**

9. PROPERTY AND EQUIPMENT (CONTINUED)

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

Purchased assets (continued)

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
At 31 December 2021	**67,236,181**	**8,959,773**	**19,041,860**	**95,237,814**
Depreciation				
Opening balance	3,368,766	933,317	1,159,975	5,462,058
Charge for the year	21,807,315	1,119,980	4,708,988	27,636,283
At 31 December 2021	**25,176,081**	**2,053,297**	**5,868,963**	**33,098,341**
Net carrying amount				
At 31 December 2021	**42,060,100**	**6,906,476**	**13,172,897**	**62,139,473**

Donated assets

At 31 December 2022	**Computer & accessories Ushs**	**Furniture & fittings Ushs**	**Office equipment Ushs**	**Total Ushs**
Opening balance	5,007,641	6,717,541	870,499	12,595,681
Additions	-	-	-	-
At 31 December 2022	**5,007,641**	**6,717,541**	**870,499**	**12,595,681**
Depreciation				
Opening balance	3,335,088	1,679,386	435,250	5,449,724
Charge for the year	1,667,545	839,692	217,625	2,724,862
At 31 December 2022	**5,002,633**	**2,519,078**	**652,875**	**8,174,586**
Net carrying amount				
At 31 December 2022	**5,008**	**4,198,463**	**217,624**	**4,421,095**

9. PROPERTY AND EQUIPMENT (CONTINUED)

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

Donated assets (continued)

At 31 December 2021	Computer & accessories Ushs	Furniture & fittings Ushs	Office equipment Ushs	Total Ushs
Opening balance	5,007,641	6,717,541	870,499	12,595,681
Additions	-	-	-	-
At 31 December 2021	**5,007,641**	**6,717,541**	**870,499**	**12,595,681**
Depreciation				
Opening balance	1,667,544	839,693	217,625	2,724,862
Charge for the year	1,667,544	839,693	217,625	2,724,862
At 31 December 2021	**3,335,088**	**1,679,386**	**435,250**	**5,449,724**
At 31 December 2021	**1,672,553**	**5,038,155**	**435,249**	**7,145,957**

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. HELD TO MATURITY INVESTMENT

The Company invested in a treasury bond through Stanbic Bank Uganda Limited. The coupon interest rate for the investment is 14.875% per annum. The tenor is 1.833 years and will mature on 10 May 2024.

	Opening balance Ushs	Additions Ushs	Accrued interest Ushs	Closing balance Ushs
Treasury bond	-	**726,028,366**	**3,661,266**	**729,689,632**

The investment was made using funds received from donors. As such, the contra for the principal amount is presented as deferred income under non-current liabilities.

11. ACCOUNTS RECEIVABLE

	2022 Ushs	2021 Ushs
Supplier prepayments	12,525,670	7,294,895
Partner prepayments	11,902,945	11,902,945
Other prepayments	7,640,090	4,519,739
	32,068,705	**23,717,579**

12. CASH AND BANK BALANCES

	2022 Ushs	2021 Ushs
Cash at bank	2,501,676,985	2,253,146,933
Cash at hand	375,800	2,281,000
	2,502,052,785	**2,255,427,933**

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

13. DEFERRED INCOME

At 31 December 2022

Donor/funding partner	Opening balance Ushs	Amount received Ushs	Amount utilised Ushs	Deferred income before the amount invested in treasury bond Ushs	Investment in treasury bond Ushs	Deferred income including the amount invested in treasury bond Ushs
Mott/FCDO	1,207,775,683	981,351,690	(1,260,577,123)	928,550,250	-	928,550,250
Twaweza East Africa	455,355,675	-	-	455,355,675	(455,355,675)	-
Wellspring Philanthropic Fund	369,276,170	880,867,310	(770,760,275)	479,383,205	(270,672,691)	208,710,514
Other Donors/ Partners	349,386,715	83,853,407	(154,289,375)	278,950,747	-	278,950,747
Echidna Giving	-	724,821,513	-	724,821,513	-	724,821,513
Zizi Afrique	-	307,945,218	(221,983,995)	85,961,223	-	85,961,223
Luigi Guissani Institute for Higher Education	-	1,209,437,179	(1,058,406,338)	151,030,841	-	151,030,841
	2,381,794,243	**4,188,276,317**	**(3,466,017,106)**	**3,104,053,454**	**(726,028,366)**	**2,378,025,088**

At 31 December 2021

Donor/funding partner	Opening balance Ushs	Amount received Ushs	Amount utilised Ushs	Deferred income 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
	1,694,356,656	**3,048,641,272**	**(2,361,203,685)**	**2,381,794,243**

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 income.

14. ACCOUNTS PAYABLES

	2021 Ushs	2021 Ushs
District partners	25,581,945	8,825,975
Consultants	32,762,497	-
Other suppliers	2,575,537	5,281,454
Legal retainer fees payable	-	1,520,312
Audit fees payable	22,164,267	19,350,320
Internal audit fees payable	9,440,000	4,720,000
	92,524,246	39,698,061

15. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2022 (2021: None).

16. COMMITMENTS

There were no commitments as at 31 December 2022 (2021: None).

17. 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.

18. RUSSIA/UKRAINE CONFLICT

On 24 February 2022, Russia invaded Ukraine thereby launching a full-scale military offensive. NATO members 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. 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 the economic sanctions will likely affect commodity prices especially oil and gas products and the stability of foreign exchange rates.

The directors have assessed that there are no resulting material adjusting events or conditions which existed at the reporting date affecting the financial statements.

19. EVENTS AFTER THE REPORTING PERIOD

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