

BEGA KWA BEGA LIMITED

BY GUARANTEE WITHOUT SHARE CAPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28TH FEBRUARY, 2019

BEGA KWA BEGA LIMITED

By guarantee without share capital

Annual report and financial statements

For the year ended 28th February, 2019

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COMPANY INFORMATION

BOARD OF DIRECTORS

Ms. Conche McGarr

Dr. Margret Muganwa

Mr. Faustine Misanvu

Mr. Joseph Kakoza

Ms. Mere Kisekka

Ms. Martina Boylan

Ms. Camilla Broadbent

Mrs. Theresa Kyazze

MANAGER

Mr. Ssagala David

REGISTERED OFFICE

Kisubi Mbiru Road
P.O.Box 5731/28009
Kampala

INDEPENDENT AUDITOR

Quest Co.
Certified Public Accountant
P.O.Box 21286
Kampala

PRINCIPLE BANKERS

Standard Chartered Bank (U) Limited
P.O.Box 7111
Kampala

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REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 28th February, 2019 which disclose the state of affairs of the company.

MISSION STATEMENT

Bega Kwa Bega was established to improve the living standards of childcare providers in targeted African villages especially the ones and half (1.5 million) children orphaned by war, civil unrest and the AIDS epidemic in Uganda.

This is done through complementing the efforts of the traditional African family structures to meet the immediate needs of families caused by the extra children, extra labour, stretched resources, limited resources, limited space, inadequate water and sanitation facilities and long term economic conditions which greatly impact villages life concerned parties.

PRINCIPAL ACTIVITIES

The principal activities of the company are that of provision of charitable services, education and developmental purposes.

The following are the key objectives of the company:

- a) To identify need and resources through conducting and maintaining both needs and asset assessment.
- b) To plan and conduct projects, micro business development projects and training activities.
- c) To establish and maintain a good community network.
- d) To raise the education level of both children and children providers.
- e) To improve nutrition through better farming practices.
- f) To contribute to overall health information and improvement of medical equipment.
- g) To encourage best practices for teachers through modeling and providing instructional materials.
- h) To provide instruction which supports entrepreneurs in developing micro enterprises, training business plans, marketing and market selections and in product development.
- i) To train care givers in basic business development techniques and provide demonstrations.
- j) To assist care givers in successfully launching income generating projects and project management.
- k) To establish market outlets which sustains income generating projects and establish new villages markets and develop market opportunities.



Quest Co.
Certified Public Accountant

Plot 50 Motel Close,
Off Kakungulu Road
(near UNEB Offices), Ntinda
P.O.Box 21286, Kampala

Independent Auditor's Report to the Members of the Bega Kwa Bega Limited in Respect of the Financial Statement for the year Ended 28 February , 2019.

Opinion

I have audited the financial statements of the Bega Kwa Bega Limited as set out on pages 7 to 15 which comprise the statements of financial position as at 28 February, 2019, the statement of surplus or deficit and statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 28 February, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) for small and medium sized entities and the Association.

Basis for opinion

I conducted the audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor's responsibilities for audit of the financial statements section of my report. I am independent of the company in accordance with International standards Board for accountants' code of Ethics for professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Uganda, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Directors are responsible for other information. The other information comprises the report of the Directors, but does not include the financial statements and my auditor's report. My opinion on the financial statements does not cover other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit , or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of directors and those charged with governance for the financial statements.

Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS for small and medium sized entities and the Association Act , and for such internal control as the directors determine is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or errors. 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 has no realistic alternative but to do so.

Auditor's responsibilities for audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IASs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Institute 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Joel Byaruhanga - P0085

Quest Co. Certified Public Accountant.

Joel Kale Byaruhanga.

Quest Co.

Kampala



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STATEMENT OF SURPLUS OR DEFICIT AND RETAINED EARNINGS

		Note	2019 Shs'000	2018 Shs'000
Income	Page 14	9	1,161,361	677,895
Administrative expenses	Page 15	10	(254,812)	(190,494)
Development expenses	Page 15	10	<u>(880,023)</u>	<u>(556,812)</u>
Operating surplus / (deficit)			<u>26,526</u>	<u>(69,411)</u>
Retained earnings at the start of the year			<u>17,605</u>	<u>87,016</u>
Surplus / (deficit) for the year			<u>26,526</u>	<u>(69,411)</u>
Retained earnings at the end of the year.			<u><u>44,131</u></u>	<u><u>17,605</u></u>

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		As at 28 February	
	Note	2019 Shs'000	2018 Shs'000
STATEMENT OF FINANCIAL POSITION			
ACCUMULATED SURPLUS			
Retained earnings		44,131	17,605
Non - current liabilities			
Borrowings	5	85,319	73,319
		<u>129,450</u>	<u>90,924</u>
REPRESENTED BY			
Current assets			
Cash and cash equivalents	6	137,014	97,237
Current liabilities			
Other payables	7	7,564	6,313
Net current assets		<u>129,450</u>	<u>90,924</u>

The financial statements on pages 7-15 were authorised and approved for issue by the board of directors on 23rd-04-2019 and signed on its behalf by :


Director


Director

The notes on pages 12-15 form an integral part of these financial statements
Report of the independent auditor - pages 5 to 6.



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NOTES: SIGNIFICANT ACCOUNTING POLICIES

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

These policies have been consistently applied to all the years presented, unless otherwise stated.

1. General information

Bega Kwa Bega Limited is incorporated in Uganda under the Companies Act, 2012 as a private liability company by without shares and is domiciled in Uganda. The address of its registered office and principle place of business is Kisubi Mbiru Road.

The company's principal activity is that of provision of charitable services, education and developmental purposes.

2(a) Basis of preparation

The financial statements of Bega Kwa Bega Limited have been prepared in accordance with the International Financial Reporting standards for Small and Medium sized Entities (IFRS for SMEs) with early adoption of the 2015 amendments to the standard. The early adoption of the amendments has not resulted in any prior period restatements or other material changes in presentation. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(b) below.

These financial statements comply with the requirements of the Uganda Companies Act, 2012. The statement of profit or loss and retained earnings represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going Concern

The financial performance of the company is set out in the directors' report and in the statement of profit or loss and retained earnings. The financial position of the company is set out in the statement of financial position.

b) Key sources of estimation uncertainty.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results.

c) Revenue recognition

Revenue comprises of fair value of the consideration donations received and receipts received.

d) Plant and equipment

All property and equipment acquired during the year are fully expensed in statement of surplus or deficit.

e) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Uganda Shilling at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the surplus or deficit account in the year in which they arise.

f) Cash and cash equivalents

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

g) Borrowings

Borrowings are initially recognised at the fair value, net of transaction costs incurred and the subsequently stated at the amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the statement of surplus or deficit under finance costs.

Borrowings are classified as current liabilities unless the company unconditional right to defer settlement of the liability for at least 12 months after the statement of the financial position date.

h) Employment benefits obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

i) Comparatives

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

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	2019 Shs'000	2018 Shs'000
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3. Revenue

Income (Schedule 9)	<u>1,161,361</u>	<u>677,895</u>
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4. Operating profit

The following items have been charged in arriving at the operating surplus.

Auditor's remuneration	2,700	2,500
Staff Costs(Note 6)	<u>166,729</u>	<u>116,154</u>

5. Borrowings

Non- current

Re-imburseables advances received	<u>85,319</u>	<u>73,319</u>
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The borrowings were secured by the following:

Borrowings were denominated in Us dollars in terms of financial support of the company interest free, and without specific terms of repayments.

6. Cash and cash equivalents

	2019 Shs'000	2018 Shs'000
Cash at hand	2,268	0
Bank balance Ushs Account	53,759	94,518
Bank balance Usd Account USD 22,809.73 @ 3,650	83,255	2,719
	<u>137,014</u>	<u>97,237</u>

For the purpose of cash flow statement, the period end cash and cash equivalents comprise of the above:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2019 Shs'000	2018 Shs'000
7. Other payables		
Audit fees payable	2,700	2,500
PAYE accrued	2,792	2,154
NSSF Accrued	2,072	1,659
	<u>7,564</u>	<u>6,313</u>

8. Presentation currency

The financial statements are presented in Uganda Shillings (Shs), rounded to the nearest thousands ('000).

9. SCHEDULE OF INCOME RECEIVED DURING THE YEAR

		2019	
		Shs'000	
DONATIONS RECEIVED ON SHILLINGS ACCOUNT			
MONTHS	DETAILS	AMOUNT	
May-18	BAMBI UGANDA ORPHANS USA		40,237
	BKB UK		53,114
Aug-18	BAMBI UGANDA ORPHANS USA		95,810
Sep-18	BKB UK		83,847
Oct-18	ROTARY CLUB OF SUNRISE		3,651
Dec-18	BAMBI UGANDA ORPHANS USA		60,361
	BKB UK		32,218
	BAMBI UGANDA ORPHANS USA		52,976
Jan-19	BAMBI UGANDA ORPHANS USA		21,163
	BAMBI UGANDA ORPHANS USA		35,180
	BAMBI UGANDA ORPHANS USA		56,090
	BKB UK		119,261
Feb-19	BKB UK		27,655
	SUB - TOTAL AMOUNT		681,562
DONATIONS RECEIVED ON US DOLLAR BANK ACCOUNT			
MONTHS	DETAILS	AMOUNT	
		USD	
Mar-18	THE VIBRANT VILLAGE FOUNDATON	27,287	3,655.79
			99,756
May-18	THE VIBRANT VILLAGE FOUNDATON	21,892	3,718.08
			81,396
Nov-18	THE VIBRANT VILLAGE FOUNDATON	39,204	3,722.21
			145,926
	SUB - TOTAL AMOUNT	88,323	327,077
FARM INCOME RECEIVED DURING THE YEAR			10,911
PLAY CENTER INCOME RECEIVED			141,810
GRAND TOTAL AMOUNT			1,161,361

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10. SCHEDULE OF OPERATING EXPENDITURE

	2019	2018
	shs'000	shs'000
A) ADMINISTRATION EXPENSES		
Bank charges		
Salaries and wages	4,205	2,970
Telephone, postage and internet	166,729	116,154
Stationery	1,040	1,093
Office expenses	1,919	997
Travelling and transport	15,827	33,916
Nssf contributions	28,201	16,759
Insurance	19,737	10,885
Architectural fees	2,597	1,220
Audit fees	-	4,000
URA taxes for clearing books donation received	2,700	2,500
	11,857	-
	<u>254,812</u>	<u>190,494</u>
B) DEVELOPMENT COSTS		
Mobile Health Clinic	37,443	36,622
Education - Orphan and vulnerable children school fees and other expenses	120,132	82,134
Borehole construction / water springs	86,972	62,004
Income generating activities	18,014	12,533
Demo farm/ Family demo gardens / Nutrition training sessions	96,608	70,298
Gogolo Play and learning center school construction and other expenses	510,409	289,255
Motorcycle purchase expensed	-	3,966
Zerox photocopier Machine expensed	6,800	-
Computers purchase expensed	3,645	-
	<u>880,023</u>	<u>556,812</u>

