

LINK TO PROGRESS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

CONTENTS	PAGE
Annual report	
Organisation information	1
Executive Committee's report	2
Statement of Executive Committee's responsibilities	3
Report of the independent auditor	4-6
Financial statements:	
Statement of income and expenditure	7
Statement of financial position	8
Statement of cash flows	9
Notes to the financial statements	10-17

ORGANISATION INFORMATION

EXECUTIVE COMMITTEE

Liesbeth Nagelkerke*
Hilde Klok*

Chairperson
Vice chairperson

*Dutch

SECRETARY

M/S Buwule & Mayiga Advocates
22 Entebbe Road
3rd Floor Conrad Plaza
Kampala, Uganda

REGISTERED OFFICE

57, Lake drive
Luzira
P.O. Box 71881
Kampala, Uganda

INDEPENDENT AUDITOR

Mazars BRJ
Certified Public Accountants
24 Henlon Close
Luthuli Avenue
Bugolobi
P.O Box 35263
Kampala, Uganda

BANKERS

Stanbic Bank Uganda Limited
Forest Mall, Lugogo
P.O Box 7131
Kampala, Uganda

Absa Bank Uganda Limited
Vol 664 Folio 22 Plot 128
Kiswa Housing Estate Spring road
Bugolobi, Kampala

LAWYERS

Asire and Company Advocates
Ground Floor, Nakawa House
Plot 3-7, Portbell Road
Kampala, Uganda

**Link To Progress
Annual report and financial statements
For the year ended December 31, 2019**

EXECUTIVE COMMITTEE'S REPORT

The Committee submit their report and the audited financial statements for the year ended December 31, 2019 which disclose the state of affairs of Link To Progress ("the Organisation").

PRINCIPAL ACTIVITIES

The principal activity of the Organisation continued to be contributing towards linking the rural population in Uganda to sustainable progress in water supplies, health, education and other services in an efficient and collaborative manner.

RESULTS

The results of the Organisation for the year ended December 31, 2019 are set out on page 7.

EXECUTIVE COMMITTEE

The names of the Executive Committee who held office during the year ended and at the date of this report are shown on page 1.

INDEPENDENT AUDITOR

The Organisation's auditor, Mazars BRJ Certified Public Accountants, expresses willingness to continue in office.

BY ORDER OF THE BOARD

SECRETARY

..... **2020**

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

STATEMENT OF EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Non Governmental Organisations (NGO) Act 2016 requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Organisation as at the end of the financial year and of its profit or loss. It also requires the Executive Committee to ensure that the organisation keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Organisation. They are also responsible for safeguarding the assets of the Organisation.

The committee members are ultimately responsible for the Organisation's internal controls. The members delegate responsibility for 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 Organisation's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Executive Committee accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting principles and the requirements of the NGO Act, 2016. The Executive Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Organisation and of its operating results. The committee members 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 committee members to indicate that the Organisation 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 Executive Committee on _____ 2020 and signed on its behalf by:

Chairperson

Country Manager

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE OF LINK TO PROGRESS

Report on the financial statements

Opinion

We have audited the financial statements of Link To Progress (the "Organisation") which comprise the statement of financial position as at December 31, 2019, the statement of income and expenditure, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of the significant accounting policies.

In our opinion, the Organisation's financial statements give a true and fair view of the statement of financial position of the Organisation as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles and the NGO Act 2016.

Basis of 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 Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('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.

Emphasis of matter – Basis of Accounting

Without qualifying our opinion, we draw attention to Note 2 (a) to the financial statements, which describes the basis of preparation. The financial statements are prepared to assist the members of the board to report to the stake holders and donors on the organizations' financial performance and status.

Other information

Management is responsible for the other information. The other information comprises the annual report but 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with generally accepted accounting principles and the requirements of the NGO Act 2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE OF LINK TO PROGRESS (CONTINUED)

Report on the financial statements (continued)

In preparing the financial statements, management is responsible for assessing the Organisation'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 management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

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 judgment and maintain professional skepticism 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Organisation 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.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE OF LINK TO PROGRESS (CONTINUED)

Report on legal and other regulatory requirements

We also 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 Organisation, so far as appears from our examination of those books; and
- iii) The Organisation's statement of financial position and statement of income and expenditure are in agreement with the books of accounts.

The engagement partner on the audit resulting in this independent auditor's report is CPA Innocent Muhangazi whose membership number with the Institute of Certified Public Accountants is PO432.

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Certified Public Accountants (Firm No. AF0277)
24 Henlon Close, Luthuli Avenue, Bugolobi
Kampala

.....
CPA Innocent Muhangazi FM2865

....., **2020**

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

STATEMENT OF INCOME AND EXPENDITURE

	Note	Unrestricted funds Ushs	2019 Restricted funds Ushs	Total funds Ushs	Unrestricted funds Ushs	2018 Restricted funds Ushs	Total funds Ushs
Income							
Donations	3	-	1,514,087,961	1,514,087,961	-	1,284,485,128	1,284,485,128
Community collections	3	-	7,100,000	7,100,000	-	3,500,000	3,500,000
Other income	4	858,310	-	858,310	6,282,968	-	6,282,968
		<u>858,310</u>	<u>1,521,187,961</u>	<u>1,522,046,271</u>	<u>6,282,968</u>	<u>1,287,985,128</u>	<u>1,294,268,096</u>
Expenditure on:							
Project costs	5	-	1,057,584,477	1,057,584,477	-	797,207,029	797,207,029
Community mobilization	6	-	34,307,500	34,307,500	-	17,045,200	17,045,200
Administrative expenses	7	-	190,360,352	190,360,352	-	208,864,581	208,864,581
Employee benefit expenses	8	-	213,952,367	213,952,367	-	127,441,237	127,441,237
		<u>-</u>	<u>1,496,204,696</u>	<u>1,496,204,696</u>	<u>-</u>	<u>1,150,558,047</u>	<u>1,150,558,047</u>
Surplus for the year		<u>858,310</u>	<u>24,983,265</u>	<u>25,841,575</u>	<u>6,282,968</u>	<u>137,427,081</u>	<u>143,710,050</u>
Net movement in funds							
Surplus/ retained funds		858,310	24,983,265	25,841,575	6,282,968	137,427,081	143,710,050
Retained funds brought forward		<u>8,053,517</u>	<u>104,605,795</u>	<u>112,659,312</u>	<u>1,770,549</u>	<u>(32,821,286)</u>	<u>(31,050,737)</u>
Retained funds carried forward		<u>8,911,827</u>	<u>129,589,060</u>	<u>138,500,887</u>	<u>8,053,517</u>	<u>104,605,795</u>	<u>112,659,313</u>

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

STATEMENT OF FINANCIAL POSITION

	Note	2019 Ushs	2018 Ushs
ASSETS			
Non-current assets			
Property and equipment	9	<u>8,203,811</u>	<u>6,784,450</u>
Current asset			
Receivables	10	138,394,403	7,092,108
Cash at hand and in bank	11	321,619,192	378,719,389
Amounts due from related parties	15 (b)	<u>-</u>	<u>375,000</u>
		<u>460,013,595</u>	<u>386,186,497</u>
Total assets		<u>468,217,406</u>	<u>392,970,947</u>
FUND AND LIABILITIES			
Fund balances			
Restricted funds		129,589,060	104,605,795
Unrestricted funds		<u>8,911,827</u>	<u>8,053,517</u>
		<u>138,500,887</u>	<u>112,659,312</u>
Current liabilities			
Payables	12	15,377,558	8,679,551
Deferred grant income	13	304,410,989	247,428,442
Amount due to related parties	15 (c)	<u>9,927,972</u>	<u>24,203,642</u>
		<u>329,716,519</u>	<u>280,311,635</u>
Total equity and liabilities		<u>468,217,406</u>	<u>392,970,947</u>

These financial statements on pages 7 to 17 were authorised and approved for issue by the executive committee on 2020 and were signed on its behalf by: -

.....
Chairperson

.....
Country Manager

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

STATEMENT OF CASH FLOWS

	Note	2019 Ushs	2018 Ushs
Cash flows from operating activities			
Surplus for the year		25,841,575	143,710,050
Adjustments			
Depreciation	9	<u>5,541,838</u>	<u>6,626,934</u>
Surplus before working capital changes			
		31,383,413	150,336,984
Increase in receivables	10	(131,302,295)	(7,092,108)
Increase in payables	12	6,698,007	3,196,454
(Decrease)/ increase in deferred grant income	13	56,982,548	(133,095,045)
Decrease in related party payables	15 (c)	<u>(13,900,670)</u>	<u>(124,941,181)</u>
Net cash used in operating activities			
		<u>(50,138,997)</u>	<u>(111,594,896)</u>
Cash flow from investing activities			
Purchase of property and equipment	9	<u>(6,961,200)</u>	<u>(4,125,000)</u>
Net cash used in investing activities			
		<u>(6,961,200)</u>	<u>(4,125,000)</u>
Net increase in cash at bank and in hand			
		(57,100,197)	(115,719,897)
Cash at bank and in hand at start of the year			
		<u>378,719,389</u>	<u>494,439,286</u>
Cash at bank and in hand at end of the year			
		<u>321,619,192</u>	<u>378,719,389</u>
Represented by:			
Cash at bank and in hand	11	<u><u>321,619,192</u></u>	<u><u>378,719,389</u></u>

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

Notes to the financial statements

1. General information

Link to Progress, (the "Organisation") is registered in Uganda as a Non-Governmental Organisation (NGO) under the NGO Act, 2016 to carry out activities in the field of linking the rural population to sustainable progress in water supplies, health, education and other services for the poor in northern Uganda. The Organisation's registered office is:

57, Lake drive,
Luzira
P.O. Box 71881
Kampala, Uganda

2. Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention except as disclosed below:

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, in accordance with Link To Progress accounting guidelines and the NGO Act 2016.

b) Income

Receipts from donors and grants are recognized in income and expenditure account on a systematic basis over the periods in which the Organisation recognizes the expenses and related costs for which the grants are intended to compensate.

c) Fund accounting

Unrestricted income refers to the general funds that are available for use at the Executive Committee's discretion in furtherance of the objectives of the Organisation.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

d) Grants

A grant that becomes receivable as compensation for expenses or losses already incurred for the purposes of giving immediate financial support to the Organisation with no future related costs is recognized in the income and expenditure account of the period in which it becomes receivable.

Grants are only recognized when there is reasonable assurance that the Organisation will comply with the conditions attached to them, and that the conditions attached to the grant have been or will be fulfilled.

Donations in kind are included in the statement of income and expenditure at their estimated gross value, the current value will usually be the price that the Organisation estimates it would have to pay in the open market for an equivalent item.

e) Grants receivable

Grants without conditions are recognised when receivable. The grant income is not deferred, even if received in advance of the expenditure on the activity funded by the grant. These grants are accounted for as part of unrestricted funds. A restriction on a grant creates a requirement that limits or directs the purpose for which a resource may be used, but it is not conditional upon a specific level of performance or output.

Unspent grant funds at the end of the period are carried forward to the following period, retaining any restriction on the use of the funds.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

f) Capital grants

Where a restricted grant finances the purchase of a fixed asset, the grant income is recognised in full and is not deferred. When a fixed asset is purchased with restricted funds, the full cost of the asset is expensed through the restricted fund at the time of purchase. The asset is also capitalised by means of negative expenditure through the general fund. Thus the restricted fund reflects the balance in accordance with reports to donors, while the statement of income shows a net zero expenditure on assets. The asset is included within property and equipment on the statement of financial position, and depreciated through the general fund in accordance with the policy.

g) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings, the functional currency, at rates ruling at the transaction dates. Monetary assets and liabilities at the end of reporting date which are expressed in foreign currencies are translated into Uganda Shillings at rates ruling at that date. The resulting differences from conversion and translation are included in the statement of income and expenditure in the year in which they arise.

h) Expenditure

All expenditure is accounted for on an accruals basis, and is classified under headings that aggregate costs on an activity basis.

Costs of raising funds includes direct fundraising costs and apportioned overheads. Social purpose activity costs are those incurred directly on furthering the social objectives of the organisation, as well as apportioned overheads.

i) Overhead apportionment

Overhead or indirect costs include management, administration and governance costs which are necessary to the operation of the organisation as a whole, such as finance staff and software, insurance, and audit. Overhead costs are apportioned to direct activities based on the average of staff numbers and direct costs.

j) Property and equipment

Fixed assets may be held to achieve a special purpose or to generate cash flows. Individual assets valued at Ushs 500,000 or more and or which serve for more than one year are capitalised at cost. Depreciation is provided to write off the cost or valuation of the assets, less residual value, on a straight line basis, over their estimated useful lives as follows:

Asset class	<u>Rate</u>
Computer and accessories	40%
Furniture and fittings	20%
Motor vehicle	35%
Field/office equipment	20%

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

k) Loans and advances

Loans and receivables are derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Organisation provides money, goods and services directly to the debtor with no intention of trading the receivable. They are included in current assets where maturity is within twelve months to the end of the reporting period or non-current assets for maturities greater than twelve months.

l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

m) Provisions

The Organisation must recognise a provision if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event). The Organisation has a present obligation that can be estimated reliably, and it is probable that an outflow of resources of economic benefit will be required to settle the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre - tax rate that reflects risks specific to the liability.

n) Retirement benefit obligation

The Organisation and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme for its permanent and pensionable employees. These contributions are charged in the statement of income and expenditure in the year in which they relate.

o) Taxation

Section 2(bb)(B) of the Income Tax Act (Cap 340) exempts from income tax any religious, charitable or educational institution of a public character. This exemption is awarded if the institution is issued with a written ruling by the Commissioner General of the Uganda Revenue Authority confirming that it is an exempt organisation none of whose income or assets confers or may confer a private benefit to any person. As at December 31, 2019, the Organization had not obtained that tax exemption from URA, however, the Executive Committee is confident that the URA will grant the Organisation the income tax exemption.

	2019	2018
	Ushs	Ushs
3. Income		
Smith and Sons ¹	112,092,335	152,009,276
Femi/Medicor ²	641,674,994	728,280,875
Koornzaayer ³	416,444,600	256,218,600
Charity Water ⁴	169,205,802	147,976,377
Other donations	174,670,230	-
Community collections ⁵	7,100,000	3,500,000
	<u>1,521,187,961</u>	<u>1,287,985,128</u>

1 Donations relates to support of marginalized and vulnerable children by paying on their behalf school fees/ tuition, accomodation, and up keep among other expenses.

2 FEMI/ Medicor Foundation support drinking water supply, hygiene and sanitation project in Uganda and it is implimented by the Organization.

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

Notes to the financial statements (continued)

3 The entity received donation from Koornzaayer for financial support for hope for poor in sustainable rural water supply in Nwoya district.

4 This is the donation from Charity Water for Water sanitation and hygiene project in Kole district

5 The community collections relate to communal contributions towards drilling of new boreholes and rehabilitation of the existing ones.

	2019	2018
	Ushs	Ushs
4. Other income		
Bank interest	173,710	2,757,234
Recoveries/ refund/ penalties	684,600	3,525,734
	<u>858,310</u>	<u>6,282,968</u>

Recoveries in the year relate to funds recovered or refund from Charity water through Julia on donor's visit to Uganda.

	2019	2018
	Ushs	Ushs
5. Project Costs		
Sub-contractors	858,491,917	633,584,676
School fees contribution	50,150,450	50,583,055
Accommodation for students	12,900,000	12,900,000
Upkeep for students	12,900,000	12,900,000
Other consumables	7,504,500	2,426,300
Consultative meetings	1,151,500	1,334,700
Site selection	1,478,000	410,000
Base line surveys	6,577,400	7,644,979
Training	49,365,603	31,252,419
Capacity building for staff	492,000	709,000
Meetings	31,729,107	13,435,900
Trigerring Community Led Total Sanitation (CLTS)	21,246,000	28,800,900
Fencing and soak pit construction	3,598,000	1,225,100
	<u>1,057,584,477</u>	<u>797,207,029</u>

6. Community mobilization		
Allowance for district officials	7,404,000	5,608,100
Per diems	3,841,000	5,811,500
Local transport	1,086,000	2,567,500
Signposts	4,656,000	-
Water and sanitation committee allowances	-	360,000
Communication	1,555,600	310,000
Stationery and consumables	15,764,900	2,388,100
	<u>34,307,500</u>	<u>17,045,200</u>

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

Notes to the financial statements (continued)

	2019	2018
	Ushs	Ushs
7. Administrative Expenses		
Office stationery	273,360	1,052,600
Office per diems	14,520,000	11,730,000
Communication	3,269,432	2,290,053
Depreciation	5,541,838	6,626,934
Insurance	2,445,374	1,804,838
Licenses and permits	612,300	-
Equipment hire and maintenance	721,000	1,580,000
Advertising and promotion	17,400	786,000
Professional fees	7,397,387	8,750,833
Board expenses	10,704,840	7,281,459
Theft of cash	-	17,000,000
Motor vehicle running costs	54,613,172	44,522,500
Registrations and subscriptions	1,629,112	1,830,000
Local travel	1,507,500	2,128,500
Postage and delivery	303,500	86,500
Technical support	32,179,231	32,223,590
Rent	9,912,000	9,912,000
Fundraising	6,379,100	-
Consumables	200,525	673,100
Loose tools	1,475,000	1,422,000
Bank charges	1,442,024	1,666,083
Unrealised foreign exchange loss	35,216,257	55,497,591
	<u>190,360,352</u>	<u>208,864,581</u>
8. Employee benefit expenses		
Staff salaries	193,475,060	114,974,990
Staff medical	1,189,800	968,750
National Social Security Fund Company contribution	19,287,507	11,497,497
	<u>213,952,367</u>	<u>127,441,237</u>

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

Notes to the financial statements (continued)

9. Property and equipment

Year ended December 31, 2019

	Motor vehicle	Furniture and fittings	Total
	Ushs	Ushs	Ushs
Cost			
At start of the year	118,300,013	1,250,000	119,550,013
Additions	-	6,961,200	6,961,200
At end of the year	<u>118,300,013</u>	<u>8,211,200</u>	<u>126,511,213</u>
Depreciation			
At start of the year	111,653,896	1,111,667	112,765,563
Charge for the year	4,292,992	1,248,847	5,541,839
At end of the year	<u>115,946,888</u>	<u>2,360,514</u>	<u>118,307,402</u>
Net book value	<u><u>2,353,125</u></u>	<u><u>5,850,686</u></u>	<u><u>8,203,811</u></u>

Year ended December 31, 2018

	Motor vehicle	Computer and accessories	Furniture and fittings	Total
	Ushs	Ushs	Ushs	Ushs
Cost				
At start and end of year	114,175,013	5,971,000	1,250,000	122,779,803
Additions	4,125,000	-	-	4,125,000
At end of the year	<u>118,300,013</u>	<u>5,971,000</u>	<u>1,250,000</u>	<u>125,521,013</u>
Depreciation				
At start of the year	105,295,295	5,877,667	936,667	112,109,629
Charge for the year	6,358,601	93,333	175,000	6,626,934
At end of the year	<u>111,653,896</u>	<u>5,971,000</u>	<u>1,111,667</u>	<u>118,736,563</u>
Net book value	<u><u>6,646,117</u></u>	<u><u>-</u></u>	<u><u>138,333</u></u>	<u><u>6,784,450</u></u>

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

Notes to the financial statements (continued)

	2019	2018
	Ushs	Ushs
10. Receivables		
Grant receivable	98,000,000	-
Reimbursables	14,218,143	6,406,107
Prepayment	26,176,260	686,001
	<u>138,394,403</u>	<u>7,092,108</u>

Grant receivable is due from the donors that is Dutch Rotarian Clap and Koornzaayer. Other receivables relate to expenses incurred in 2018 for staff's trip to Holland and Tanzania on behalf of the FEMI Foundation for training.

	2019	2018
	Ushs	Ushs
11. Cash at bank and in hand		
Cash in hand	3,881,834	4,968,595
Cash at bank	317,737,358	373,750,794
	<u>321,619,192</u>	<u>378,719,389</u>

The Organisation is not exposed to credit risk on cash and bank balances as these are held with a sound financial institution regulated by the Bank of Uganda under the Financial Institutions Act 2004 (as amended). The carrying amounts of the Organisation's cash in hand and at the bank are denominated in the following currencies:

	2019	2018
	Ushs	Ushs
Uganda shillings	110,472,982	44,254,223
Euros	211,146,210	334,465,166
	<u>321,619,192</u>	<u>378,719,389</u>

12. Payables		
Accounts payable	15,377,558	8,679,551
	<u>15,377,558</u>	<u>8,679,551</u>

13. Deferred grant income		
Medicor Foundation	180,000,000	211,824,500
Rotary club Gentz	8,275,400	-
Stichting Zijn	73,000,000	-
Smith and Sons	43,135,589	35,603,942
	<u>304,410,989</u>	<u>247,428,442</u>

The deferred grant income from Femi/Medicor Foundation and Smith and Sons relates to amounts received for the drinking water supply, sanitation and hygiene project and school fees respectively, that was not yet spent as at end of year.

Link To Progress
Annual report and financial statements
For the year ended December 31, 2019

Notes to the financial statements (continued)

14. Taxation

No tax has been provided for in these financial statements because the Organisation's Executive Committee believes it is a charitable organisation which conforms to the requirements for exemption from income tax in Uganda.

Section 2(bb)(B) of the Income Tax Act (Cap 340) exempts from income tax any religious, charitable or educational institution of a public character. This exemption is awarded if the institution is issued with a written ruling by the Commissioner General of the Uganda Revenue Authority confirming that it is an exempt organisation none of whose income or assets confers or may confer a private benefit to any person. As at December 31, 2018, the Organization had not obtained that tax exemption from URA, however, the Executive Committee is confident that the URA will grant the Organisation the income tax exemption.

15. Related party transactions

The Organisation is related to other companies through common shareholding or directorships. The following transactions were carried out with related parties:

	2019	2018
	Ushs	Ushs
a) Purchase of goods and services		
TGS Water Limited	741,434,931	725,237,726
Water, Environment and Geo Services Limited	27,109,137	32,233,590
	<u>768,544,068</u>	<u>757,471,316</u>
b) Amount due from related parties		
Advance to a director	-	375,000
	<u>-</u>	<u>375,000</u>
c) Amount due to related parties		
TGS Water Limited	2,478,419	11,427,629
Water, Environment and Geo Services Limited	7,449,553	12,776,013
	<u>9,927,972</u>	<u>24,203,642</u>

d) Key management compensations

Key management includes directors, both executive and non-executive, and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2019	2018
	Ushs	Ushs
Salaries and other short-term employment benefits	<u>58,775,264</u>	<u>40,996,154</u>

16. Events after the reporting period

There were no post balance sheet events affecting the financial statements of the Organisation as at the date of the signing this report.

17. Contingent liabilities

The Executive Committee members are not aware of any contingent liabilities accrued to the Organisation as at December 31, 2019 (2018: nil)