

Mustard Seed Secondary School

Annual Report and Financial statements
For the year ended
31 December 2017



A.I. Ahmed & Associates

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BOARD OF DIRECTORS

- i. Moses Kariya : (Chairman)
- ii. Veronic Kalemba : (Vice Chairperson)
- iii. Caroline Nauda : Secretary
- iv. John Babaire : Treasurer
- v. Casper Molville : UHST Representative

PHYSICAL & POSTAL ADDRESS:

Busota Village,
Kitayunjwa Sub county
Kamuli District,
P. O. Box 119
Kamuli - Uganda

AUDITORS

A.J. Ahmed & Associates
Certified Public Accountants of Uganda (CPAU)
P.O. Box 4556, Kampala

BANKERS

Centenary Rural Development Bank
Kamuli Branch



SCHOOL MISSION

The mustard seed school Busota aim for an education that respects:

- Freedom of thought and expression;
- Rational inquiry, science and the need to support argument with evidence;
- Human rights, gender and racial equality, and the rights of individuals to choose their personal life stance;
- High levels of achievement and social responsibility.

SCHOOL VISION

The school vision is to provide quality, affordable and accessible education for self-sustaining citizens of the world with free thinking minds who embrace democracy and human rights.

AUDITORS

A.J. Ahmed & Associates have expressed willingness to continue in office in accordance with section 159(2) of the Companies Act, 2012, and the laws of Uganda.

By order of the Board



Secretary
Board of Director



STATEMENT OF MANAGEMENT RESPONSIBILITIES

As clearly spell out in Articles of Association and the Education Act, Cap 127 Sec : 8 (3) (h), the Directors are required to prepare financial statements for each financial year. The Directors must keep accounting records as required by the Act and as agreed with any donors, donor organizations, charities, grant making bodies or other funders

The financial report or reports should give a true and fair view of the state of affair of the school as at the end of the financial year and of the Income and Expenditure of the school for that year.

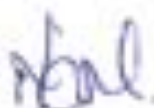
In preparing these financial statements, the management are required to:-

- i. Select suitable accounting policies and then apply them consistently;
- ii. Make judgments and estimates that are reasonable and prudent;
- iii. State whether applicable accounting standards have been followed;
- iv. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue in business.

The board of Directors and the management is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the school, and to enable them to ensure that the financial statements comply with international financial reporting standards.

They are also responsible for safe guarding the assets of the school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of management by:



Secretary
Board of Directors





Our Ref: MS658/17/01

Your Ref:

**INDEPENDENT AUDITORS REPORT TO THE BOARD OF DIRECTORS OF
MUSTARD SEED SECONDARY SCHOOL - BUSOTA**

We have audited the accompanying financial statements of Mustard Seed Secondary School - Busota as at 31 December 2017 which comprise of: the Fund accountability statement, the Statement of Financial position, the Statement of Comprehensive Income, and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



INDEPENDENT AUDITORS REPORT TO THE BOARD OF DIRECTORS OF
MUSTARD SEED SECONDARY SCHOOL - BUSOTA (CONTINUED)

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mustard Seed Secondary School - Busota as of 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the policies adopted by the company.

Report on other legal requirements

- I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 balance sheet of the company is in agreement with the books of account

A.I. Ahmed of Associates
Certified Public Accountants
KAMPALA



FUND ACCOUNTABILITY STATEMENT SUMMARY

	Sch	2017 US\$.
Opening Balance		608,000
Receipts	14	496,745,000
Total		<u>499,972,177</u>
EXPENDITURE		
Administration and office expenses	15	81,550,097
Direct Tuition expenses	16	38,285,000
Feeding Expenses	17	68,509,280
Development costs	18	140,526,000
Staff Development	19	6,923,800
Co-curriculum Activities	20	2,017,700
School Farm Project	21	858,000
Financial cost	22	912,497
		<u>399,582,374</u>
Capital expenses		
Class Room Block (buildings)	5	171,198,000
Computers	5	6,538,500
		<u>177,736,500</u>
Total expenditure		577,318,874
Less Depreciation(Provision)		(23,059,197)
Actual Expenditure		<u>494,259,677</u>
Surplus/(Deficit) for the year (Records)		<u>5,712,500</u>
Balance as per Bank Statement (Actual)		<u>5,712,500</u>
Variance Excess/(shortage)		<u>-</u>



Statement of Comprehensive Income Summary

	Note	2017 Usbs	2016 Usbs
INCOME	14	496,745,000	208,215,527
EXPENDITURE			
Administration and office expenses	15	81,550,097	58,887,547
Direct Tuition expenses	16	38,285,000	22,768,060
Feeding Expenses	17	68,509,280	53,318,315
Development costs	18	140,526,000	67,225,270
Staff Development	19	6,923,800	6,616,025
Co-curriculum Activities	20	2,017,700	-
School Farm Project	21	858,000	-
Financial cost	22	912,497	-
TOTAL EXPENDITURE		<u>399,582,374</u>	<u>208,115,217</u>
SURPLUS INCOME/(DEFICIT) OVER EXPENDITURE		<u>157,162,626</u>	<u>100,110</u>

MUSTARD SEED SECONDARY
 SCHOOL BUSOTA Kampala
 DIRECTOR



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Statement of Financial Position

	Note	2017 Usbs	2016 Usbs
ASSETS			
Non Current Assets			
Fixed Assets	5	477,716,830	323,039,527
Current Assets			
Accounts Receivable	6	445,600	206,000
Bank and cash balances	7	5,712,500	408,000
		<u>6,158,100</u>	<u>614,000</u>
TOTAL ASSETS		<u>483,874,930</u>	<u>323,653,527</u>
EQUITY & LIABILITIES			
CAPITAL AND RESERVES			
Accumulated fund	8	<u>477,702,330</u>	<u>320,539,704</u>
		<u>477,702,330</u>	<u>320,539,704</u>
Current Liabilities			
Accounts payable	9	<u>6,172,600</u>	<u>3,113,823</u>
		<u>6,172,600</u>	<u>3,113,823</u>
		<u>483,874,930</u>	<u>323,653,527</u>

The financial statements on pages 6-18 were approved by the Board of Directors on ___/___/___ and signed on its behalf by:

Chairman Babaire Date 10/06/2018

Secretary NDO Date 11-6-18



Cash Flow Statement

	2017
	Usds
OPERATING ACTIVITIES	
Surplus(Deficit) for the year	157,162,626
Adjustments for:	
Prior year adjustment	-
Depreciation	23,059,197
Operating profit before working capital charges	<u>180,221,823</u>
Decrease/(Increase) in Accounts receivable	(219,600)
Increase/(Decrease) in trade and other payables	3,058,777
Cash generated from operations	<u>183,061,000</u>
INVESTING ACTIVITIES	
Purchase of Fixed Assets	(177,736,500)
Project in progress	
Net Cash used in Investing activities	<u>(177,736,500)</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	5,304,500
Cash balance as at 1st January 2017	488,000
CASH & CASH EQUIVALENT AT 31-12-2017	<u>5,712,500</u>
CASH EQUIVALENTS	
Bank and cash balances	5,712,500
Bank over draft	-
Total	<u>5,712,500</u>



NOTES TO THE ACCOUNTS

L. PRINCIPLE ACCOUNTING POLICIES

The financial statements are prepared in accordance with the generally accepted accounting principles.

(a) Basis of Accounting

The Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis. The financial statements are presented in Uganda Shillings (Ushs).

(b) Property and Equipment

All fixed assets (Property and Equipment) are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets over the expected useful lives of the assets concerned.

The rates used are as follows:	Rate
	%
Computers & Accessories	- 30
Equipment	- 20
Furniture and fittings	- 20
Text Books	- 10
Science Lab Equipment	- 20

Foreign Currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gain and losses resulting from the settlement of such transactions and from the translation of the monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Such balances are translated at year end exchange rates.



NOTES TO THE ACCOUNTS (Continued)

(d) Cash and cash equivalents

For the purpose of the cash flow statement, cash equivalent comprises of cash in hand and deposits held at call with banks net of bank overdraft.

(e) Account Receivables

Trade receivables are recognized when due less an allowance for uncollectible amounts. An estimate of for doubtful debt is made when collection of the full amount is no longer possible. Impaired receivables are written off when identified.

(f) Accounts Payables

Trade payables are recognized when due.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

The School's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The school's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the school's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

Principle financial instruments

The principle financial instruments used by the school, from which financial instrument risk arises, are as follows:

- i. Accounts receivable.
- ii. Cash and bank.
- iii. Accounts payable.



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8. FIXED ASSETS

	Land	Buildings	Science Lab Equipment	Solar systems	Equipment	Computers	Books	Furniture & Fixings	Total
Depreciation rate	0%	5%	20%	30%	20%	30%	10%	20%	
At 1st Jan 2017	14,300,000	212,469,643	6,171,238	22,714,191	27,052,363	5,000,000	15,508,337	23,493,000	319,528,832
Additions	-	27,198,008	-	-	-	6,536,330	-	-	177,236,500
	14,300,000	439,667,651	6,171,238	22,714,191	27,052,363	11,536,330	15,508,337	23,493,000	546,265,312
Depreciation	-	10,123,943	3,293,664	3,091,514	3,650,325	3,030,547	3,241,142	10,494,382	47,485,518
Change for the Yr	-	11,878,187	3,183,659	3,736,515	3,814,548	429,038	3,233,659	2,679,724	23,675,270
At 31Dec 2017	-	21,310,123	4,490,319	15,286,679	11,266,693	3,999,583	3,657,839	13,334,336	71,546,532
Net book Value	14,300,000	418,357,528	4,373,429	21,946,142	13,265,472	7,536,847	11,850,504	10,558,664	477,718,800
31 Dec 2016	14,300,000	342,775,728	3,444,274	13,642,477	10,061,846	1,676,453	13,148,943	13,398,416	329,039,527

...STARD SEED SECONDARY
SCHOOL BUSOTA WDC
DIRECTOR



Mustard Seed Secondary School - Basota
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Notes to the accounts	2017 Usds	2016 Usds
6 ACCOUNTS RECEIVABLE		
School fees debtors	445,600	206,000
TOTAL FEES DEBTORS	<u>445,600</u>	<u>206,000</u>
7 CASH AND BANK BALANCES		
Ceremonary Bank	5,610,500	488,000
Cash on hand	102,000	-
	<u>5,712,500</u>	<u>488,000</u>
8 ACCUMULATED FUND		
Balance bf 01/01/2017	320,539,704	320,439,394
Surplus (Deficit) for the year	157,162,626	100,310
Balancecf 31/12/2017	<u>477,702,330</u>	<u>320,539,704</u>
9 ACCOUNTS PAYABLE		
Accounts payable	6,172,600	3,113,823
Scholar ship for Jan 2018 (Received on 22 Dec2017)	5,400,000	-
	<u>6,172,600</u>	<u>3,113,823</u>



**SCHEDULES TO INCOME AND
 EXPENDITURE STATEMENT**

14 INCOME

	2017 Ushs	2016 Ushs
SPECIFIC FUNDS		
Uganda Humanist Schools Trust (Capital Dev)	177,736,500	47,977,500
Uganda Humanist Schools Trust (Operations)	140,526,000	67,258,500
	<u>318,262,500</u>	<u>115,236,000</u>
OTHER INCOME		
Tuition fees	154,830,000	76,446,467
Other Income	332,500	614,000
UNEB Registration fees	18,400,000	12,919,060
Capital Grant from Director	4,900,000	3,000,000
SUBTOTAL	<u>178,462,500</u>	<u>92,979,527</u>
TOTAL INCOME	<u>496,745,000</u>	<u>208,215,527</u>

**MUSTARD SEED SECONDARY
 SCHOOL BUSOTA Fund
 * DIRECTOR ***



**DETAILED INCOME AND EXPENDITURE
 STATEMENT**

	2017 Usbs	2016 Usbs
15 Administration and office expenses		
Depreciation	23,059,197	6,560,343
Salaries (Teachers)	19,058,000	17,302,000
Staff meals	11,500,000	11,000,000
Wages (Non teaching Staff)	4,975,000	3,910,000
Need School contribution	3,545,000	2,650,000
Publicity & Marketing	3,385,200	2,000,000
Office Stationery	3,254,000	1,420,000
Medical expenses	3,254,000	1,193,040
Electricity bills	2,038,700	1,739,412
Repairs and maintenance	1,895,200	2,000,000
Audit fees	1,500,000	1,500,000
Meeting Expenses	1,230,000	2,900,000
Cleaning & sanitation	1,052,000	1,173,252
Telephone and postage	885,600	790,000
Loose tools	858,200	1,990,000
Post Office box rental fees	60,000	59,500
	<u>81,590,097</u>	<u>58,187,547</u>
16 Direct Tuition expenses		
Examination fees -(External) Mock & UNEB	18,400,000	12,919,060
Examination fees -(Internal)	7,258,000	4,849,000
Prp books, Manila Papers & Spring files	5,625,000	2,800,000
Teaching materials (chalk & Pens)	3,752,000	2,200,000
Marking Guides	3,250,000	-
Sub Total	<u>38,285,000</u>	<u>22,768,060</u>
17 Feeding Expenses		
Food Staff	63,208,380	48,015,315
Fire wood	5,075,100	3,303,000
Kitchen loose tools & equipment	225,800	-
Sub Total	<u>68,509,280</u>	<u>51,318,315</u>

MUSTARD SEED SECONDARY
 SCHOOL BUSETA
 DIRECTOR



**DETAILED INCOME AND EXPENDITURE
 STATEMENT**

	2017 Usbs	2016 Usbs
18 Development costs		
Scholarships	74,398,500	-
Water Connection Expenses	31,671,000	-
Annual Staff Bonus	7,200,000	13,500,000
Director's Honorarium	6,750,000	6,750,000
Head of Science facilitation	6,750,000	2,700,000
Text Books	4,387,500	3,600,000
Sanitary Pads	4,221,000	2,902,500
Friendship Week contribution to Expenses	2,416,500	459,000
Science Materials	2,250,000	6,991,270
Legal fees for Land Leases	481,500	2,340,000
Laptop soft ware	-	1,300,500
Solar System Back Up	-	6,210,000
Riso Printer	-	10,269,000
Drought Emergency intervention	-	3,697,000
IT Equipment	-	801,000
Compensation to injured staff	-	2,058,000
10 Zotac Z Box computer soft ware	-	1,647,000
Sub Total	140,526,000	67,229,270
19 Staff Development		
Workshops & Seminars	1,695,800	1,619,000
Academic Outdoor tours	2,250,000	2,181,320
Travel and subsistence	2,978,000	2,815,705
Sub Total	6,923,800	6,614,025
20 Co-curriculum Activities		
Games and sports	1,452,500	-
Music instruments	565,200	-
Sub Total	2,017,700	-
21 School Farm Project		
School farm	858,000	-
Sub Total	858,000	-
22 Financial cost		
Bank charges	912,497	-
Sub Total	912,497	-
TOTAL EXPENDITURE	339,582,374	208,115,217



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RECEIPT COLLECTION ANALYSIS	2017 UShs	2016 UShs
Uganda Humanist Schools Trust		
CAPITAL DEVELOPMENT (FIXED ASSETS)		47,977,500
Building Purchase on New Land	13,500,000	-
Class rooms Construction	157,698,000	-
Computers 10 Z box System	6,538,500	-
Sub - Total	177,736,500	47,977,500
GRANTS FOR OPERATIONAL EXPENSES (INCOME & EXPENDITURE)		
Scholarships	74,398,500	-
Water Connection Expenses	31,671,000	-
Annual Staff Bonus	7,200,000	13,500,000
Director's Honorarium	6,750,000	6,750,000
Head of Science facilitation	6,700,000	2,700,000
Text Books	4,387,500	3,600,000
Sanitary Pads	4,221,000	2,902,500
Friendship Week contribution to Expenses	2,416,500	459,000
Science Materials	2,250,000	7,024,500
Legal fees for Land Leases	480,500	2,340,000
Laptop soft ware	-	1,300,500
Solar System Back Up	-	6,210,000
Riso Printer	-	10,269,000
Drought Emergency Intervention	-	5,697,000
IT Equipment	-	801,000
Compensation to injured staff	-	2,058,000
10 Zotac Z Box computer soft ware	-	1,647,000
Sub - Total	140,526,000	67,258,500
GRAND TOTAL OF GRANTS RECEIVED	318,262,500	115,236,000
OTHER INCOME		
Tuition fees	154,850,000	76,446,467
Other Income	332,000	614,000
UNEB Registration fees	18,400,000	12,979,060
Capitation Grant from Director	4,900,000	3,000,000
Sub - Total	178,482,000	92,979,527
TOTAL RECEIPTS FOR THE YEAR	496,745,000	208,215,527

Handwritten signature and stamp of the Director.

