

# **Isaac Newton High School**

**(A nonprofit making Humanist tailored establishment)**

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



*A. I. Ahmed & Associates*

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## **BOARD OF DIRECTORS**

- i. Peter Kisirinya
- ii. Moses Kamyia
- iii. Mary Proscovia Nanfuka
- iv. Barrie Berkley

## **PHYSICAL & POSTAL ADDRESS:**

**Kaddugala Masaka District**

P. O. Box 577

Masaka – Uganda

## **AUDITORS**

A.I. Ahmed & Associates

Certified Public Accountants of Uganda (CPAU)

P.O. Box 4556, Kampala

## **BANKER**

Dfcu Bank

Crane Bank

## THE SCHOOL MOTTO

“To reason not believe”

## SCHOOL MISSION

The school mission is to provide every child with quality education for self-sustainability through effective teaching, monitoring, discipline, respect, team work, self-assessment and evaluation.

## 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.

## OBJECTIVES

The principal objectives of this establishment are:

- To provide liberal-secular education in Uganda
- To provide for the social, pastoral and academic welfare of students and staff in the educational institutions operated by the Company.
- to protect students from any form of indoctrination, to encourage them to think freely, to be rational and sceptical, to value and respect humanity, to be tolerant towards others and to embrace the broad principles of Humanism as set out in the Amsterdam Declaration of 2002. (<http://www.iheu.org/amsterdamdeclaration>).

## LOCATION:

Name of School:	Isaac Newton High School
Address:	P.O. Box 577, Masaka.
District:	KALUNGU
County:	KALUNGU
Sub- County:	KALUNGU
Parish:	KIBISI

## AUDITORS

A.I. 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

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Secretary  
Board of Director

## STATEMENT OF MANAGEMENT RESPONSIBILITIES

As clearly spelt out in Articles of Association, 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;

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Secretary  
Board of Directors



Our Ref: INHS/17/01

Your Ref:

**INDEPENDENT AUDITORS REPORT TO THE BOARD OF DIRECTORS OF  
ISAAC NEWTON HIGH SCHOOL**

We have audited the accompanying financial statements of Isaac Newton High School 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 those 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 ISAAC NEWTON HIGH SCHOOL (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 Isaac Newton High School 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

**Certified Public Accountants  
KAMPALA**

**FUND ACCOUNTABILITY STATEMENT SUMMARY**

	Sch	UShs.
<b>Opening Balance</b>		<b>6,116,200</b>
<b>Receipts</b>	<b>14</b>	<b>510,526,750</b>
Less Fees Accounts Receivable (Fees debtors)		<u>(5,876,500)</u>
<b>Total</b>		<u><b>512,322,614</b></u>
<b>EXPENDITURE</b>		
Adminstration and office expenses	<b>15</b>	117,936,700
Direct Tuition expenses	<b>16</b>	31,648,450
Feeding Expenses	<b>17</b>	111,199,100
Development costs	<b>18</b>	12,660,000
Transport and traveling	<b>19</b>	8,335,600
Co-curriculum Activities	<b>20</b>	12,907,000
School Farm Project	<b>21</b>	3,585,200
Financial cost	<b>22</b>	975,497
		<u><b>299,247,547</b></u>
<b>Capital expenses</b>		
Building Construction (New Class room block, Girls' Hostel, Bursar's House)	<b>5</b>	196,151,250
Science Lab Equipment	<b>5</b>	5,633,500
Equipment (Bicycle , Etc)	<b>5</b>	356,250
Water Tanks	<b>5</b>	13,903,250
Computers	<b>5</b>	6,901,750
Furniture	<b>5</b>	2,505,000
Text books	<b>5</b>	4,631,250
		<u><b>230,082,250</b></u>
<b>Total expenditure</b>		<u><b>529,329,797</b></u>
Less Accounts payable (Provision)		<u>(17,565,183)</u>
<b>Actual Expenditure</b>		<u><b>511,764,614</b></u>
<b>Surplus/(Deficit) for the year (Records)</b>		<u><b>558,000</b></u>
<b>Balance as per Bank Statement (Actual)</b>		<u><u><b>558,000</b></u></u>
Variance Excess/(shortage)		<u><u><b>(0)</b></u></u>



**Statement of Comprehensive Income Summary**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>Ushs</b>	<b>Ushs</b>
<b>INCOME</b>	<b>14</b>	<b>510,526,750</b>	<b>282,908,000</b>
<b>EXPENDITURE</b>			
Adminstration and office expenses	<b>15</b>	139,359,824	119,787,079
Direct Tuition expenses	<b>16</b>	31,648,450	27,226,500
Feeding Expenses	<b>17</b>	111,199,100	104,070,300
Development costs	<b>18</b>	12,660,000	13,062,000
Transport and traveling	<b>19</b>	8,335,600	6,133,000
Co-curriculum Activities	<b>20</b>	9,218,500	7,770,000
School Farm Project	<b>21</b>	3,585,200	3,125,000
Financial cost	<b>22</b>	975,497	902,500
<b>TOTAL EXPENDITURE</b>		<b>316,982,171</b>	<b>282,076,379</b>
<b>SURPLUS INCOME/(DEFICIT) OVER EXPENDITURE</b>		<b>193,544,579</b>	<b>831,621</b>

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**Statement of Financial Position**

	<b>Note</b>	<b>2017 Ushs</b>	<b>2016 Ushs</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	<b>5</b>	744,310,352	535,651,225
<b>Current Assets</b>			
Accounts Receivable	<b>6</b>	5,876,500	2,244,500
Bank and cash balances	<b>7</b>	558,000	6,116,200
		<u>6,434,500</u>	<u>8,360,700</u>
<b>TOTAL ASSETS</b>		<b><u>750,744,852</u></b>	<b><u>544,011,925</u></b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Accumulated fund	<b>8</b>	733,179,669	539,635,090
		<u>733,179,669</u>	<u>539,635,090</u>
<b>Current Liabilities</b>			
Accounts payable	<b>9</b>	17,565,183	4,376,836
		<u>17,565,183</u>	<u>4,376,836</u>
		<u>750,744,852</u>	<u>544,011,925</u>

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

Managing Director\_\_\_\_\_ Date\_\_\_\_\_

Secretary to Board\_\_\_\_\_ Date\_\_\_\_\_

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**Cash Flow Statement**

	<b>2017</b>	<b>2016</b>
	Ushs	Ushs
<b>OPERATING ACTIVITIES</b>		
Surplus(Deficit) for the year	193,544,579	25,747,402
<b>Adjustments for:</b>		
Prior year adjustment	-	-
Depreciation	21,423,124	19,978,559
Operating profit before working capital charges	214,967,703	45,725,961
Decrease/(Increase) in Accounts receivable	(3,632,000)	(292,000)
Increase/(Decrease) in trade and other payables	13,188,347	-
Cash generated from operations	224,524,050	45,433,961
	<b>224,524,050</b>	<b>45,433,961</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(230,082,250)	(40,023,100)
Project in progress		
Net Cash used in Investing activities	(230,082,250)	(40,023,100)
Cash flow from financing activities		
Loan paid	-	-
	-	-
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	(5,558,200)	5,410,861
Cash balance as at 1st January 2017	6,116,200	5,231,763
<b>CASH &amp; CASH EQUIVALENT AT 31-12-2017</b>	<b>558,000</b>	<b>10,642,624</b>
<b>CASH EQUIVALENTS</b>		
Bank and cash balances	558,000	10,642,624
Bank over draft	-	
<b>Total</b>	<b>558,000</b>	<b>10,642,624</b>

## NOTES TO THE ACCOUNTS

### 1. 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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5 FIXED ASSETS

	Land	Buildings	Science Lab Equipment	Solar system	Pump	Equipment	Water Tanks	Computers	Books	Furniture & Fittings	Total
<b>Depreciation rate</b>	0%	5%	20%	20%	20%	20%	20%	30%	10%	20%	
Costs											
At 1st Jan 2017	14,300,000	441,801,237	9,171,738	22,734,181	1,300,000	48,532,163	34,562,539	5,000,000	18,948,107	23,893,000	620,242,965
Additions	-	196,151,250	5,633,500	-	-	356,250	13,903,250	6,901,750	4,631,250	2,505,000	230,082,250
	<u>14,300,000</u>	<u>637,952,487</u>	<u>14,805,238</u>	<u>22,734,181</u>	<u>1,300,000</u>	<u>48,888,413</u>	<u>48,465,789</u>	<u>11,901,750</u>	<u>23,579,357</u>	<u>26,398,000</u>	<u>850,325,215</u>
<b>Depreciation</b>											
At 1st Jan 2017	-	21,202,125	4,800,319	11,788,039	260,000	11,766,691	13,783,238	3,999,383	3,657,839	13,334,106	84,591,740
Charge for the yr	-	-	874,284	2,189,228	208,000	7,353,094	4,155,860	3,001,851	1,529,027	2,111,779	21,423,124
At 31Dec 2017	-	21,202,125	5,674,603	13,977,268	468,000	19,119,785	17,939,098	7,001,234	5,186,865	15,445,884	106,014,864
Net book Value:											
31 Dec 2017	<u>14,300,000</u>	<u>616,750,362</u>	<u>9,130,635</u>	<u>8,756,913</u>	<u>832,000</u>	<u>29,768,628</u>	<u>30,526,691</u>	<u>4,900,516</u>	<u>18,392,492</u>	<u>10,952,116</u>	<u>744,310,352</u>
31 Dec 2016	<u>14,300,000</u>	<u>420,599,112</u>	<u>4,371,419</u>	<u>10,946,142</u>	<u>1,040,000</u>	<u>36,765,472</u>	<u>20,779,301</u>	<u>1,000,617</u>	<u>15,290,269</u>	<u>10,558,894</u>	<u>535,651,225</u>

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Notes to the accounts	2017 Ushs	2016 Ushs
<b>6 ACCOUNTS RECEIVABLE</b>		
<b>School fees debtors</b>		
Senior one:	1,902,000	128,500
Senior two:	889,000	245,000
Senior three:	775,000	435,000
Senior four:	876,000	425,000
Senior five:	1,100,500	562,000
Senior six:	334,000	449,000
<b>TOTAL FEES DEBTORS</b>	<b>5,876,500</b>	<b>2,244,500</b>
<b>7 CASH AND BANK BALANCES</b>		
Dfcu Bank	435,783	4,858,200
Crane Bank	122,217	1,258,000
	<b>558,000</b>	<b>6,116,200</b>
<b>8 ACCUMULATED FUND</b>		
Balance bf 01/01/2017	539,635,090	538,803,469
Surplus (Deficit) for the year	193,544,579	831,621
Balancecf 31/12/2017	<b>733,179,669</b>	<b>539,635,090</b>
<b>9 ACCOUNTS PAYABLE</b>		
Accounts payable	17,565,183	4,376,836
	<b>17,565,183</b>	<b>4,376,836</b>

**SCHEDULES TO INCOME AND  
EXPENDITURE STATEMENT**

**14 INCOME**

	<b>2017</b>	<b>2016</b>
	<b>Ushs</b>	<b>Ushs</b>
<b>SPECIFIC FUNDS</b>		
Uganda Humanist Schoools Trust	324,904,750	175,156,000
North East Humanist	-	-
	<b>324,904,750</b>	<b>175,156,000</b>
<b>OTHER INCOME</b>		
Tuition fees	180,622,000	103,752,000
Capital Grant from Director	5,000,000	4,000,000
<b>SUBTOTAL</b>	<b>185,622,000</b>	<b>107,752,000</b>
<b>TOTAL INCOME</b>	<b>510,526,750</b>	<b>282,908,000</b>



**DETAILED INCOME AND EXPENDITURE  
STATEMENT**

	<b>2017 Ushs</b>	<b>2016 Ushs</b>
<b>15 Administration and office expenses</b>		
Salaries (Teachers)	56,500,200	48,450,000
Depreciation	21,423,124	19,978,559
Wages (Non teaching Staff)	15,940,000	12,580,000
Staff meals	5,764,000	4,658,200
End of year staff retention expenses	4,500,000	5,616,000
Generator running expenses	3,952,000	3,478,000
Uniforms	4,956,200	4,250,500
Office Stationery	3,256,000	2,370,000
Directors Honorarium	5,937,500	4,250,000
Medical expenses	2,750,300	2,445,120
Computers & science equipment repairs	368,500	446,500
Dstv subscription	1,450,000	1,440,000
Kitchen Stoves construction expenses	1,025,000	1,836,000
Audit fees	1,500,000	1,500,000
Newspapers and periodicals	1,125,000	1,095,000
Telephone and postage	1,325,000	1,250,000
Parties	1,005,200	665,200
Repairs and maintenance	775,600	250,500
Publicity & Marketing	3,258,000	1,250,000
Meeting Expenses	1,258,000	1,025,000
Easter, Idd & Welcome Party Expenses	758,000	550,000
Cleaning & sanitation	465,200	336,500
Post Office box rental fees	67,000	66,000
	<b>139,359,824</b>	<b>119,787,079</b>
<b>16 Direct Tuition expenses</b>		
Examination fees -(Internal)	6,670,000	5,176,500
Teaching materials	1,260,000	1,852,000
Marking Guides	2,567,000	1,290,000
Examination fees -(External) Mock & UNEB	19,001,450	15,952,000
Science, Chemicals, and Equipments	2,150,000	2,956,000
<b>Sub Total</b>	<b>31,648,450</b>	<b>27,226,500</b>
<b>17 Feeding Expenses</b>		
Food Stuff	103,200,100	98,250,200
Fire wood	7,123,000	5,258,100
Kitchen loose tools & equipment	876,000	562,000
<b>Sub Total</b>	<b>111,199,100</b>	<b>104,070,300</b>

**DETAILED INCOME AND EXPENDITURE  
STATEMENT**

	<b>2017 Ushs</b>	<b>2016 Ushs</b>
<b>18 Development costs</b>		
Staff Development	3,258,000	2,525,000
Student Development	3,752,000	3,685,000
Teachers' Conference	5,650,000	6,852,000
<b>Sub Total</b>	<b>12,660,000</b>	<b>13,062,000</b>
<b>19 Transport and traveling</b>		
Travel and subsistence	8,335,600	6,133,000
<b>Sub Total</b>	<b>8,335,600</b>	<b>6,133,000</b>
<b>20 Co-curriculum Activities</b>		
Games and sports	7,562,500	6,520,000
Music instruments	1,656,000	1,250,000
<b>Sub Total</b>	<b>9,218,500</b>	<b>7,770,000</b>
<b>21 School Farm Project</b>		
School farm	3,585,200	3,125,000
<b>Sub Total</b>	<b>3,585,200</b>	<b>3,125,000</b>
<b>22 Financial cost</b>		
Bank charges	975,497	902,500
<b>Sub Total</b>	<b>975,497</b>	<b>902,500</b>
<b>TOTAL EXPENDITURE</b>	<b>316,982,171</b>	<b>282,076,379</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>193,544,579</b>	<b>831,621</b>

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RECEIPT COLLECTION ANALYSIS	2017	2016
	Ushs	Ushs
<b>Uganda Humanist Schools Trust</b>		
School operations	324,904,750	175,156,000
 <b>OTHER INCOME</b>		
Tuition fees	180,622,000	103,752,000
Capitation Grant from Director	5,000,000	4,000,000
<b>TOTAL RECEIPTS FOR THE YEAR</b>	<b>510,526,750</b>	<b>282,908,000</b>