

Watoto Wasoka Foundation
Annual Financial Statements
for the year ended 31 December 2022

Watoto Wasoka Foundation

Annual Financial Statements for the year ended 31 December 2022

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Watoto Wasoka Foundation

Annual Financial Statements for the year ended 31 December 2022

General Information

Country of Incorporation and Domicile	Uganda
Nature of Business and Principal Activities	The Watoto Wasoka Foundation engages in empowering the youth through structured football programmes,.
Directors	Mugoya Francis Sonko Patrick
Bankers	ABSA Bank
Registered Office	Kampala, Uganda
Independent Auditors	Ronye Associates Certified Public Accountant

Watoto Wasoka Foundation

Annual Financial Statements for the year ended 31 December 2022

Directors' Responsibilities and Approval

The directors are required by the Companies Act 2012, Uganda to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the Watoto Wasoka Foundation, and explain the transactions and financial position of the business of the Watoto Wasoka Foundation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Watoto Wasoka Foundation and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Watoto Wasoka Foundation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Watoto Wasoka Foundation and all employees are required to maintain the highest ethical standards in ensuring the Watoto Wasoka Foundation business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Watoto Wasoka Foundation is on identifying, assessing, managing and monitoring all known forms of risk across the Watoto Wasoka Foundation. While operating risk cannot be fully eliminated, the Watoto Wasoka Foundation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

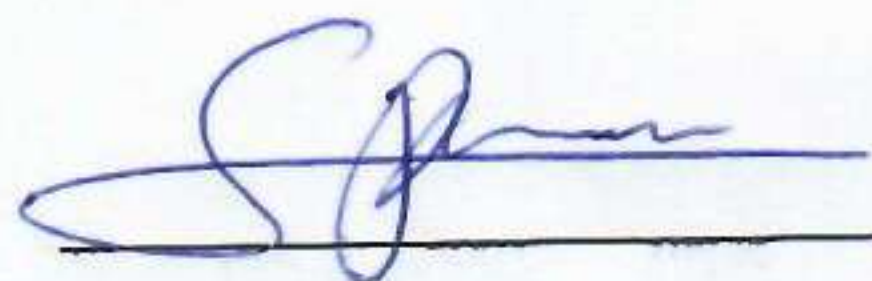
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the Watoto Wasoka Foundation will not be a going concern in the foreseeable future. The financial statements support the viability of the Watoto Wasoka Foundation.

The annual financial statements have been audited by the independent auditing firm, Ronye Associates Certified Public Accountant, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 20 which have been prepared on the going concern basis, were approved by the directors and were signed on _____ on their behalf by:



Mugoya Francis



Sonko Patrick

Independent Auditor's Report

To the Shareholder of Watoto Wasoka Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Watoto Wasoka Foundation set out on pages 6 to 20, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, the statement of changes in equity and the 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 accompanying financial statements give a true and fair view of the financial position of the Watoto Wasoka Foundation as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act 2012, 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 Watoto Wasoka Foundation 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, we have fulfilled our 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 information included in 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 and will 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.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2012, 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 Watoto Wasoka Foundation 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 Watoto Wasoka Foundation 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 Royal Care Cosmetics (U) Limited 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 Royal Care Cosmetics (U) Limited 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 Royal Care Cosmetics (U) Limited 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 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.

Ronye Associates

Certified Public Accountant

Kampala, Uganda

CPA Rollings Nyasigomwe

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Statement of Financial Position

Figures in Sh '000

	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	4	<u>74,175</u>	<u>77,809</u>
Current assets			
Cash and cash equivalents	6	<u>44,568</u>	<u>26,880</u>
Total current assets		<u>44,568</u>	<u>26,880</u>
Total assets		<u>118,743</u>	<u>104,689</u>
Equity and liabilities			
Equity			
Accumulated Fund		<u>115,301</u>	<u>98,291</u>
Liabilities			
Current liabilities			
Provisions	7	1,000	5,989
Trade and other payables	8	<u>2,442</u>	<u>409</u>
Total current liabilities		<u>1,000</u>	<u>6,398</u>
Total equity and liabilities		<u>118,743</u>	<u>104,689</u>

Approved by the directors on 15 March 2023 and signed on its behalf by:



Mugoya Francis



Sonko Patrick

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Statement of Comprehensive Income

Figures in Sh `000

	Notes	2022	2021
Revenue	9	407,296	246,683
Administrative expenses	10	(385,257)	(186,887)
Other operating expenses	11	(5,029)	(34,065)
Profit / (loss) from operating activities	12		25,731
Surplus / (deficit) for the year		17,010	25,731

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Statement of Changes in Accumulated Fund

Figures in Sh `000	Retained income	Total
Balance at 1 January 2021	72,560	72,560
Changes in equity		
Surplus for the year	25,731	25,731
Total comprehensive income for the year	25,731	25,731
Balance at 31 December 2021	98,291	98,291
Balance at 1 January 2022	98,291	98,291
Changes in equity		
Surplus for the year	17,010	17,010
Total comprehensive income for the year	17,010	17,010
Balance at 31 December 2022	115,301	115,301

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Statement of Cash Flows

Figures in Sh `000

	Note	2022	2021
Cash flows from / (used in) operations			
Profit / (loss) for the year		17,010	25,731
Adjustments to reconcile surplus / (deficit)			
Adjustments for decrease in inventories		-	567
Adjustments for increase / (decrease) in trade accounts payable		2033	1
Adjustments for decrease in other operating payables		(4,989)	(9,192)
Adjustments for depreciation and amortisation expense		3,634	3,634
Adjustments for provisions		-	5,989
Total adjustments to reconcile profit / (loss)		678	999
Net cash flows from / (used in) operations		17,688	26,730
Cash flows used in investing activities			
Purchase of Property, plant and equipment		-	-
Cash flows used in investing activities		-	-
Net increase / (decrease) in cash and cash equivalents		17,688	26,730
Cash and cash equivalents at beginning of the year		26,880	150
Cash and cash equivalents at end of the year	6	44,568	26,880

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

1. General information

Watoto Wasoka Foundation ('the Watoto Wasoka Foundation') engages in empowering the youth through structured football programmes,

The Watoto Wasoka Foundation is incorporated as a Watoto Wasoka Foundation and domiciled in Uganda. The address of its registered office is Kampala, Uganda.

2. Basis of preparation and summary of significant accounting policies

The financial statements of Watoto Wasoka Foundation have been prepared in accordance with International Financial Reporting Standards and the Companies Act 2012, Uganda. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in Ugandan Shilling.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Watoto Wasoka Foundation accounting policies. The 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 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Foreign currency translation

Transactions and balances

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains - net'.

2.2 Financial instruments

Loan to (from) director, manager or employee

The loan to director, manager or employee is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from director, manager or employee is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

Loan to (from) shareholder

The loan to shareholder is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from shareholder is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Watoto Wasoka Foundation will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Other financial assets

Other financial assets are recognised initially at the transaction price, including transaction costs except where the asset will subsequently be measured at fair value.

Where other financial assets relate to shares that are publicly traded, or where fair values can be measured reliably without undue cost or effort, these assets are subsequently measured at fair value with the changes in fair value being recognised in profit or loss. Other investments are subsequently measured at cost less impairment.

Debt instruments are subsequently stated at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

Commitments to receive a loan that meet the conditions in paragraph 11.8(c) are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities are recognised initially at the transaction price, including transaction costs except where the liability will subsequently be measured at fair value.

Where the fair value of other financial liabilities can be measured reliably without undue cost or effort, these liabilities are subsequently measured at fair value with the changes in fair value being recognised in profit or loss.

Debt instruments are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Other financial liabilities are classified as current liabilities unless the Watoto Wasoka Foundation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Issued capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value, at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Watoto Wasoka Foundation uses foreign currency forward exchange contracts to limit its exposure to foreign exchange risk on highly probable forecast foreign currency sales transactions. The group designates these derivatives as hedges - that is, a hedge of foreign exchange risk associated with highly probably forecast sales transactions.

The Watoto Wasoka Foundation designates and documents, at the inception of a hedging transaction, the hedging relationship so that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument. Hedge accounting is only applied when the group expects the derivative financial instrument to be highly effective in offsetting the designated hedged foreign currency risk associated with the hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other gains / (losses)'.

Amounts recognised in other comprehensive income are reclassified to profit or loss in the periods when the forecast sales take place and are included within 'other gains / (losses)'.

When a foreign currency forward exchange contract expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction ultimately affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is immediately transferred to profit or loss within 'other gains / (losses)'.

Other financial asset (liability)

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the Watoto Wasoka Foundation has the positive intention and ability to hold to maturity are classified as held to maturity.

2.3 Prepayments

Prepayments consist of various payments that have been made in advance for goods and services to be received in future. Prepayments are measured at amortised cost, and are derecognised when the goods and services to which the prepayment relate have been received.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

2.4 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises packaging costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

2.5 Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the entity. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.6 Leases

Classification

A lease is classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases as lessor

Assets held under a finance lease are recognised in the statements of financial position and presented as a receivable at an amount equal to the net investment in the lease.

The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

Where assets are manufactured or sold under a dealership the selling profit or loss is recognised in the period in accordance with the policy for outright sales. Where low rates of interest are quoted, selling profit is restricted to that which would apply if a market rate of interest was charged. Costs incurred in connection with negotiating and arranging the lease are recognised as an expense when the selling profit is recognised.

Finance leases as lessee

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statements of financial position at the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine. Where it is not, the incremental borrowing rate of the Watoto Wasoka Foundation is used. Any initial direct costs are added to the amount recognised as an asset.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. Depreciation is charged in accordance with the policy set out for property, plant and equipment and intangible assets (whichever is applicable).

Operating leases as lessor

Assets subject to operating leases are included in the statements of financial position according to the nature of the asset.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The depreciation policy for depreciable leased assets is in accordance with the policy set out for property, plant and equipment and intangible assets (whichever is applicable).

Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the benefit obtained.

Sale and leaseback transactions

Where a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is not immediately recognised as income but deferred and amortised over the lease term.

Where a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it will be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognised immediately.

2.7 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Watoto Wasoka Foundation has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount 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.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

2.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when:

- significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The stage of completion of a transaction may be determined by a variety of methods, depending on the nature of the transaction:

- surveys of work performed;
- services performed to date as a percentage of total services to be performed;
- the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Dividend income is recognised when the Watoto Wasoka Foundation right to receive payment has been established and is shown as 'finance income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

2.9 Employee benefits

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

For defined benefit plans, the cost of providing benefits is determined using the projected unit cost method, with actuarial valuations being carried out at the end of each period. Remeasurement comprising actuarial gains and losses, the effect of changes to the asset ceiling, and the return on plan assets is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service costs
- Net interest expense or income
- Remeasurement.

The first two components of defined benefit costs are presented in profit or loss in the line item other operating expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Termination benefits

A liability for termination benefit is recognised at the earlier of when the offer can no longer be withdrawn and when the related restructuring costs are recognised.

2.10 Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the Watoto Wasoka Foundation has complied with all attached conditions. Grants received where the Watoto Wasoka Foundation has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

2.12 Impairment of non-financial assets other than inventories

Other non-financial assets consist of various payments that have been made in advance for goods and services to be received in future. Other non-financial assets are measured at amortised cost, and are derecognised when the goods and services to which the prepayment relate have been received.

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Watoto Wasoka Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1.1 Adjusting vs. non-adjusting post-balance sheet events

For the purposes of the current reporting period, ended 31 December 2022, management has assessed the COVID-19 global pandemic and related impacts on the Group's operations as being a non-adjusting post-balance sheet event, based on key events occurring after the Group's reporting date. These key events include the timing of the declaration of COVID-19 as a global pandemic by the World Health Organisation on 11 March 2021, as well as the announcement of COVID-19 related lockdowns directed by the Governments of key geographies in which the Group operates, commencing on 20 March 2021 in the UK and later in other trading markets.

Therefore, forward looking information used for impairment assessments as required by IAS 36 Impairment of Assets , and the application of the Expected Credit Loss method as required by IFRS 9 Financial Instruments , only incorporates adjustments to future cash flows to the extent that the information was available at the Group's reporting date. Refer to Note 0 for disclosure of non-adjusting subsequent events.

Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Sh `000

2022

2021

4. Property, plant and equipment

Balances at year end and movements for the year

	Land	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 31 December 2022					
Balance at 1 January 2022					
At cost	61,905	5,200	14,500	9,370	90,975
Accumulated depreciation	-	(1,919)	(7,813)	(3,434)	(13,166)
Carrying amount	61,905	3,281	6,687	6,687	77,809
Movements for the year ended 31 December 2022					
Depreciation	-	(650)	(1,813)	(1,171)	(3,634)
Property, plant and equipment at the end of the year	61,905	2,631	4,874	4,765	74,175
Closing balance at 31 December 2022					
At cost	61,905	5,200	14,500	9,370	90,975
Accumulated depreciation	-	(2,569)	(9,626)	(4,604)	(16,800)
Carrying amount	61,905	2,631	4,874	4,765	74,175

5. Inventories

Inventories comprise:

Other inventory	-	0
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6. Cash and cash equivalents

6.1 Cash and cash equivalents included in current assets:

Cash

Cash on hand	-	23,000
Balances with banks	44,568	3,880
	44,568	26,880

6.2 Net cash and cash equivalents

Current assets	44,568	26,880
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Watoto Wasoka Foundation

Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Sh `000

2022

2021

7. Provisions

Other provisions

Balance at 1 January 2022

Other Provision

Total changes

Balance at 31 December 2022

Provision	Total
-	-
5,989	5,989
1,000	1,000
4,989	4,989

8. Trade and other payables

Trade and other payables comprise:

Trade creditors

Other payables

Total trade and other payables

	1
2,442	408
2,442	409

9. Revenue

Revenue comprises:

Other income(donations)

407,296	246,683
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10. Administrative expenses

Administrative expenses comprise:

Admin and selling expenses

Auditors' remuneration - Fees

Bank charges

Subscriptions

Telecommunication

Total administrative expenses

302,545	183,012
1,000	1,550
395	(100)
-	255
3,000	2,170
306,940	186,887

11. Other Operating expenses

Other operating expenses comprise:

Depreciation

Electricity and water

Employee benefit expenses

Medical expense

Staff welfare

Transport

Total other expenses

3,634	3,634
3,981	1,200
73,921	31,800
614	3,850
-	-
562	-
82,712	40,484

Watoto Wasoka Foundation

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Notes to the Financial Statements

Figures in Sh `000

2022

2021

12. Profit / (loss) from operating activities

Profit / (loss) from operating activities includes the following separately disclosable items

Other operating expenses

Property plant and equipment

- depreciation

3,634

3,634

Post-employment benefits

- Defined benefit plans

7,392

2,420

Audit fees

Auditors remuneration - Fees

1,000

1,550