GLOBAL E-SCHOOLS AND COMMUNITIES INITIATIVE, (GESCI) KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2016

Board members	Mr Brendan Tuohy - Chairman Mr Jerome Morrissey - Secretary Mr Joseph Okelo - Treasurer Dr. Raymond Myers Ms Christina Susanna Gertruida Van Wyk Mr Matti Sinko Mr Byll-Cataria, Ahlin
Registered office	L.R. No 1870/IX/58 9th Floor, Unga House P.O. Box 66380 - 00808 Westlands, Nairobi, Kenya.
Independent auditor	RSM Eastern Africa Certified Public Accountants 1st Floor, Pacis Centre, Slip Road, off Waiyaki Way, Westlands P.O. Box 349 - 00606 Nairobi, Kenya.
Principal banker	Barclays Bank of Kenya Limited Westlands Branch, P.O. Box 46661 - 00100, Nairobi, Kenya.
Legal advisor	Iseme, Kamau & Maema Advocates IKM Place, Tower A, 5th Floor, 5th Ngong Avenue, P.O. Box 11866 - 00400 Nairobi, Kenya.

The board submits its report together with the audited financial statements for the year ended 31st December 2016, which disclose the state of affairs of the organisation.

Registration

Global E-Schools and Communities Initiative, Kenya is a Non-Governmental Organisation (NGO) registered on 22nd March 2007 under the National NGO Co-ordination Act of 1990 and began operations on 1st September 2007.

Directorate

The members of the board who held office during the year and to the date of this report are set out on page 1.

Principal activities

The principal activity of GESCI is to assist Governments in the socio-economic development of their countries, through the widespread integration of technology for knowledge society development and in particular the application of ICT to enhance education.

Results

The net surplus from general operations of € 147,501 (2015: € 128,240) has been transferred to the general fund, while the (deficit)/surplus of programs & projects fund received over the amount spent on the programs & projects of € (1,426,907) (2015: € 1,536,031) has been carried forward as programs & projects fund balance.

By order of the board

Brendan Tuohy
....
Chairman - Brendan Tuohy

Nairobi ....24/3/.... **2017**

It is the responsibility of the board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the operating results of the organisation for that year. The board is also required to ensure that the organisation maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the organisation. The board members are also responsible for safeguarding the assets of the organisation.

The board accepts responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard and the requirements of Swedish International Development Cooperation Agency (Sida). They also accept responsibility for:

i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the organisation's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the organisation's ability to continue as a going concern.

The board acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board on 26th April 2017 and signed on its behalf by:

Chairman - Brendan Tuohy

Secretary - Jerome Morrissey

RSM

RSM Eastern Africa
Certified Public Accountants

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF GLOBAL E-SCHOOLS AND COMMUNITIES INTIATIVE, KENYA

Opinion

We have audited the accompanying financial statements of Global E-Schools and Communities Initiative, Kenya, set out on pages 6 to 17 which comprise the statement of financial position as at 31st December 2016, the income statement, statement of changes in fund balance and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the organisation as at 31st December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Swedish International Development Cooperation Agency (Sida).

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 company 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 Kenya, and 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.

Basis of Accounting and Restriction of Distribution and Use

Without modifying our opinion above, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Global E-schools and Communities Initiative, Kenya and the donors. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Global E-Schools and Communities Initiative, Kenya and the donors and should not be distributed to or used by parties other than Global E-Schools and Communities Initiative, Kenya and the donors.

Other information

The board is responsible for the other information. 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 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.

Board's responsibility for the financial statements

The board is 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 for such internal control as the board 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 board 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 the board either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF GLOBAL E-SCHOOLS AND COMMUNITIES INTIATIVE, KENYA (Continued)

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 the 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 company'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 the auditor's report. However, future events or conditions may cause the company 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.

The engagement partner responsible for the audit resulting in this independent auditor's report was FCPA Ashif Kassam, Practising Certificate No. 1126.

RSM Eastern Africa

RSM Eastern Africa
Certified Public Accountants
Nairobi

..........18th April.............. **2017**
045/2017

INCOME STATEMENT FOR THE YEAR END 31ST DECEMBER 2016

	Note	2016 €	2015 €
Grant income	4(a)	952,129	3,045,170
Other income	4(b)	181,760	128,240
		1,133,889	3,173,410
Staff costs		(1,142,406)	(1,045,112)
Capacity building		(547,652)	(339,431)
Communication		(122,167)	(20,457)
Other project operating expenses		(431,673)	(150,151)
General expenses		(34,259)	-
Finance (income)/costs	5	(135,138)	46,012
(Deficit)/surplus for the year	6/7	(1,279,406)	1,664,271
<u>Made up of:</u>			
(Deficit)/surplus from project fund		(1,426,907)	1,536,031
Surplus from general fund		147,501	128,240
		(1,279,406)	1,664,271

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2016

	Note	2016 €	2015 (Restated) €	2014 (Restated) €
FUND BALANCES				
Project fund balances	7	1,840,727	3,202,470	1,731,880
General fund balances		122,372	(36,354)	(170,101)
		1,963,099	3,166,116	1,561,779
Non-current liabilities				
Deferred income	8	21,661	12,613	14,019
		1,984,760	3,178,729	1,575,798
REPRESENTED BY				
Non-current assets				
Property and equipment	9	5,276	12,613	14,019
Intangible asset	10	16,385	-	-
		21,661	12,613	14,019
Current assets				
Receivables and deposits	11	63,721	58,444	35,311
Cash at bank and in hand	12	2,432,436	3,153,365	1,604,073
		2,496,157	3,211,809	1,639,384
Current liabilities				
Payables	13	533,058	45,693	77,605
Net current assets		1,963,099	3,166,116	1,561,779
		1,984,760	3,178,729	1,575,798

The financial statements on pages 6 to 17 were approved by the board for issue on ....24th March.... 2017 and were signed on its behalf by:

.... Chairman
Brendan Tuohy
Chairman

.... Secretary
Jerome Morrissey

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	General Fund €	Projects Fund €	Total €
At 1st January 2015				
As previously stated		(398,574)	1,960,353	1,561,779
Prior year adjustment	7	228,473	(228,473)	-
As restated		(170,101)	1,731,880	1,561,779
Surplus for the year		128,240	1,536,031	1,664,271
Effects of exchange differences		5,507	(65,441)	(59,934)
At 31st December 2015		(36,354)	3,202,470	3,166,116
At 1st January 2016				
As previously reported		(389,977)	3,556,093	3,166,116
Prior period adjustment: Transfer to project fund from general fund	7	353,623	(353,623)	-
As restated		(36,354)	3,202,470	3,166,116
Surplus/(deficit) for the year		147,501	(1,426,907)	(1,279,406)
Effects of exchange differences		11,225	65,164	76,389
At 31st December 2016		122,372	1,840,727	1,963,099

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
(Deficit)/surplus for the year		(1,279,406)	1,664,271
Adjustments for:			
Depreciation of property and equipment	9	7,520	10,222
Amortisation of intangible assets	10	6,870	-
Operating surplus before working capital changes			
(Increase) in receivables and deposits		(5,277)	(23,133)
Increase/(decrease) in deferred income		9,048	(1,406)
Increase/(decrease) in trade and other payables		487,365	(31,912)
Net cash (used in)/generated from operating activities		(773,880)	1,618,042
Cash flows from investing activities			
Purchase of property and equipment	9	-	(8,781)
Purchase of intangible asset	10	(22,482)	-
Net cash used in investing activities		(22,482)	(8,781)
Effect of currency conversion during the year		75,433	(59,969)
Net (decrease)/increase in cash and cash equivalents		(720,929)	1,549,292
Cash and cash equivalents at start of year		3,153,365	1,604,073
Cash and cash equivalents at end of year	12	2,432,436	3,153,365

NOTES

1. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). These financials are prepared using the general purpose financial statements prepared in Kenya shillings (the functional currency) and translated then into Euro using the average rate for the year for profit and loss items and the year end rate for balance sheet items. (see (c) below).

The financial statements comprise a income statement, balance sheet (statement of financial position), statement of changes in fund balance, statement of cash flows, and notes. Income and expenses are recognised in the income statement.

b) New and revised standards

i) Adoption of new and revised standards

A number of amendments to standards and a new standard became effective for the first time in the financial year beginning 1st January 2016 and have been adopted by the company. None of them has had an effect on the organisation's financial statements.

ii) New and revised standards that have been issued but are not yet effective

The organisation has not applied any new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2016 (see Note 15).

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the organisation operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency (Kenya Shillings) using the exchange rate prevailing at the transaction date. At the end of the period, monetary assets and liabilities are translated into Kenya Shillings at the closing rate. The financial statements are then translated into Euro (the presentation currency) with assets and liabilities translated at the year end exchange rate and profit and loss items translated at the average rate for the year. Exchange differences resulting from translation into Euro are recognised in other comprehensive income and a separate reserve in equity.

d) Revenue and expenditure recognition

Grants and donations are recognised when received.

Expenditure is accounted on an accrual basis.

e) Taxation

Global E-Schools and Communities Initiative, Kenya is exempt from income tax under the First Schedule, paragraph 10 of the Income Tax Act. The organisation is exempted under the Privileges and Immunity Act Chapter 179, which was gazetted on 7th October 2011.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

f) Financial instruments

Classification

Financial instruments held during the year were classified as follows:

- Receivables and deposits were classified as held to maturity.
- Payables were classified as financial liabilities.

Recognition and measurement

Financial assets:

All financial assets are recognised initially using the trade date accounting which is the date the organisation commits itself to the purchase or sale. Financial assets carried at fair value through the income statement are initially recognised at fair value and the transaction costs are expensed in the income statement.

Subsequently, receivables and deposits are carried at amortised cost using the effective interest method.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Financial liabilities:

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through income statement, which are initially recognised at fair value and the transaction costs are expensed in the income statements.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through the income statement which are carried at fair value.

Presentation

All financial assets are classified as non-current except financial assets at fair value through the income statement, those with maturities of less than 12 months from the balance sheet date, those which the board has express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except financial liabilities at fair value through the income statement, those expected to be settled in the organisation's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the organisation does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the organisation has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) Post-employment benefit obligations

The organisation operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance organisation. A defined contribution plan is a plan under which the organisation pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The organisation's contributions are charged to the profit and loss account in the year to which they relate.

The organisation and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the organisation's contributions are charged to the profit and loss account in the year to which they relate.

h) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful life, using the straight-line method. The following annual rates are used for the depreciation of property and equipment:

	Rate %
Office equipment	12.5%
Computers, copiers and faxes	33.3%
Furniture and fittings	12.5%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in income statement.

All assets acquired for Global E-Schools and Communities Initiative, Kenya's various projects are expensed.

i) Intangible assets - computer software costs

Software license costs that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life using an annual rate of 33.33%.

j) Deferred income

Grants received for the purchase of property and equipment and intangible assets are taken to deferred income and transferred to the income statement over the expected lives of the respective assets.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

k) Cash and cash equivalents

Cash and cash equivalents include cash with banking institutions.

2. Risk management objectives and policies

a) Financial risk management

The organisation's activities expose it to a variety of financial risks including credit, liquidity, market risks and the effect of changes in foreign currency. The organisation's overall risk management programme focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a organisation-wide basis. The organisation does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

The credit exposure of the organisation as at the balance sheet date is as follows:

	Fully performing €	Past due but not impaired €	Past due and impaired €	Total €
Year ended 31st December 2016				
Receivables and deposits	63,721	-	-	63,721
Cash at bank	2,432,436	-	-	2,432,436
	2,496,157	-	-	2,496,157
Year ended 31st December 2015				
Receivables and deposits	58,444	-	-	58,444
Cash at bank	3,153,365	-	-	3,153,365
	3,211,809	-	-	3,211,809

ii) Liquidity risk

Liquidity risk is the risk that the organisation will encounter difficulty in meeting obligations associated with financial liabilities. The organisation pays trade payables and other payables as they are due. The organisation has not developed a formal liquidity risk management policy but rather relies on the judgement of board.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities.

	Less than 1 month €	Between 1-3 months €	Between 3-12 months €	Total €
Year ended 30th December 2016				
Other payables	533,058	-	-	533,058
Year ended 30th December 2015				
Other payables	45,693	-	-	45,693

NOTES (CONTINUED)

2. Risk management objectives and policies (continued)

a) Financial risk management (continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises two types of risks: currency risk and other price risk.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The organisation has trade receivables, trade payables and borrowings that are denominated in foreign currency.

The significant exposure in respect of each currency is as follows:

		Total
Year ended 30th December 2016	**€**	**€**
Cash at bank	2,432,436	2,432,436
Year ended 30th December 2015		
Cash at bank	3,153,365	3,153,365

If the foreign currency were to appreciate against the Kenya Shilling by 10%, with all other factors remaining constant, the surplus for the year would be lower/higher by € 170,271 (2015: 220,736).

Other price risk

The organisation is not exposed to other price risk.

3. Significant judgements and key sources of estimation uncertainty

There are no critical accounting estimates and judgements made in the preparation of the financial statements for the current year.

4(a) Grant income	**2016**	**2015**
	€	**€**
Intel Corporation	-	16,429
Ministry of Foreign Affairs - AKE 2	-	250,000
Swedish International Development Agency	508,900	531,298
Ministry of Foreign Affairs - ALICT phase	641,000	1,000,000
The Master Card Foundation - ADSI Programme	-	1,372,593
Less: amount transferred to deferred income	(22,482)	-
Less: administrative expenses recoveries	(175,289)	(125,150)
	952,129	3,045,170

4(b) Other income		
Administrative expenses recoveries:		
- Ministry of Foreign Affairs - ALICT phase	81,774	119,582
- The Master Card Foundation - ADSI Programme	93,515	5,568
Dublin Business Innovation	1,000	1,000
Consultancy income - UNESCO	3,596	-
Amortised grant income	1,080	-
Interest income	795	2,090
	181,760	128,240

NOTES (CONTINUED)

5. **Finance (cost)/income**	**2016** €	**2015** €
Foreign exchange (cost)/income	135,138	(46,012)

The exchange gain or loss arises from the translation of foreign currency at the year end.

6. **Surplus for the year**

The following items have been charged in arriving at the surplus for the year:

Employee benefits expense	1,142,406	913,522
Depreciation of property and equipment	7,521	9,866
Amortisation of intangible Assets	6,870	-
Auditors' remuneration	6,898	8,662

7. **Project fund balances**

As at 1st January (restated)	3,202,470	-
As previously stated	-	1,960,353
Prior year adjustment	-	(228,473)
As restated	3,202,470	1,731,880
Receipts during the year taken to income statement	952,129	3,045,170
Payments made expenses in the income statement	(2,243,898)	(1,555,151)
Foreign exchange (costs)/income	(135,138)	46,012
Surplus for the year	(1,426,907)	1,536,031
Effects of exchange differences	65,164	(65,441)
As at 31st December	1,840,727	3,202,470

Prior year adjustments relate to amounts reclassified from the project fund balances to the general fund as these do not relate to project balances payable/recoverable. The amount is made up of Shs 17,839,002 which relates to administrative recovery for the year ended 31st December 2014 and the balance of Shs 8,598,002 relates to recovery for the years 2013 and prior.

8. **Deferred income**

Deferred income relates to funds utilised in the acquisition of assets and are transferred to the income statement over the expected lives of the respective asset.

	2016 €	**2015** €
At 1st January	12,613	14,019
Received during the year	22,482	8,781
Grant amortised during the year - property and equipment (Note 9)	(7,521)	(10,222)
Grant amortised during the year - intangible assets (Note 10)	(6,870)	-
Exchange difference	957	35
At 31st December	21,661	12,613

NOTES (CONTINUED)

9. Property, plant and equipment

	Furniture & fittings	Computers copiers & faxes	Office equipment	Total
	€	€	€	€
At 1st January 2015				
Cost	11,583	41,314	15,521	68,418
Accumulated depreciation	(9,443)	(34,625)	(10,231)	(54,299)
Exchange difference	28	(337)	209	(100)
Net carrying value	2,168	6,352	5,499	14,019
Year ended 31st December 2015				
Opening carrying amount	2,168	6,352	5,499	14,019
Additions	322	8,459	-	8,781
Charge for the year	(1,549)	(6,585)	(2,088)	(10,222)
Exchange difference	5	61	(31)	35
Closing carrying value	946	8,287	3,380	12,613
At 31st December 2015				
Cost	11,905	49,773	15,521	77,199
Accumulated depreciation	(10,992)	(41,210)	(12,319)	(64,521)
Exchange difference	33	(276)	178	(65)
Net carrying amount	946	8,287	3,380	12,613
Year ended 31st December 2016				
Opening carrying amount	946	8,287	3,380	12,613
Charge for the year	(213)	(6,400)	(908)	(7,521)
Exchange difference	30	49	105	184
Closing carrying value	763	1,936	2,577	5,276
At 31st December 2016				
Cost or valuation	11,905	49,773	15,521	77,199
Accumulated depreciation	(11,205)	(47,610)	(13,227)	(72,042)
Exchange difference	63	(227)	283	119
Net carrying amount	763	1,936	2,577	5,276

10. Intangible assets

	2016	2015
	€	€
Cost		
At 1st January	3,676	3,731
Addition	22,482	-
Exchange difference	1,332	(55)
At 31st December	27,490	3,676
Amortisation		
At 1st January	3,676	3,731
Amortisation charge	6,870	-
Exchange difference	559	(55)
At 31st December	11,105	3,676
Net book amount		
At 31st December	16,385	-

NOTES (CONTINUED)

11. Receivables and deposits

	2016 €	2015 €
Prepayment	52,642	46,000
Other receivables	1,652	3,142
Deposits	9,427	9,302
	63,721	58,444

12. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash at bank and in hand	2,432,436	3,153,365

13. Payables

Other payables	533,058	45,693

The carrying amount of payables approximates to their fair value.

14. Operating lease Commitments

Operating lease commitments represent rentals payable by the organisation for rented office space. Rental expenses during the year amounted to Shs 63,148 (2015: Shs 75,243).

The future minimum lease payments under operating leases are as follows:

	2016 €	2015 €
Not later than 1 year	47,053	63,148
Later than 1 year and not later than 5 years	106,521	96,542
	153,574	159,690

15. New and revised financial reporting standards

The organisation has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2016.

• IFRS 9 *Financial Instruments* (issued in July 2014, effective for annual periods beginning on or after 1 January 2018).

• IFRS 16 *Leases* (issued in January 2016, effective for annual periods beginning on or after 1 January 2019).

• Amendment to IFRS 1 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016, effective for annual periods beginning on or after 1 January 2018).

• Amendment to IAS 28 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016, effective for annual periods beginning on or after 1 January 2018).

• IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration issued in January 2017, effective for annual periods beginning on or after 1 January 2018.

The directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

SCHEDULE OF OPERATING EXPENDITURE

A. PROJECT EXPENSES

	2016	2015
1. STAFF COSTS	**€**	**€**
Salaries and wages	849,312	805,076
Statutory deductions	120,435	96,596
Pension contribution	80,084	83,843
Home trip benefits	-	1,511
Recruitment expenses	673	-
Relocation expenses	-	8,035
Travel insurance	2,481	2,446
Health insurance	56,803	30,165
Death & disability insurance	20,302	17,440
Staff training & development	12,316	-
	1,142,406	1,045,112
2. CAPACITY BUILDING		
Official travel	67,241	16,375
Per diem	3,109	19,486
Meetings & workshops	132,733	138,851
Conferences	41,156	20,901
Consultants and external services	303,413	143,818
	547,652	339,431
3. COMMUNICATION		
Deliveries and courier	230	799
Telephone	8,843	4,219
Internet	18,352	14,937
Marketing and promotional materials	94,742	502
	122,167	20,457
4. OTHER PROJECTS OPERATING EXPENSES		
Rent & utilities	41,798	63,148
Insurance	5,322	6,369
Office printing and stationery	4,975	6,494
Newspapers	268	447
IT support systems	8,995	9,763
Other office costs	358,199	38,961
Electricity expenses	972	-
Printer contract and consumables	-	337
Audit fees	6,898	7,646
Legal and professional fees	2,796	7,964
Depreciation of property and equipment	6,440	10,222
Amortisation of intangible asset	6,870	-
Amortisation of grant income	(13,310)	(2,362)
Bank charges	1,450	1,162
	431,673	150,151

SCHEDULE OF OPERATING EXPENDITURE

B. GENERAL EXPENSES

1. OTHER GENERAL OPERATING EXPENSES	2016 €	2015 €
Salaries and wages	30,480	-
Statutory deductions	7,694	-
Pension contribution	5,903	-
Health insurance	2,465	-
Official travel	8,779	-
Meetings & workshops	4,174	-
Conferences	3,291	-
Telephone	279	-
Internet	1,966	-
Rent & utilities	15,311	-
Insurance	196	-
Office printing and stationery	3	-
Other office costs	4,544	-
Electricity expenses	3,182	-
Depreciation of property and equipment	1,080	-
Bank charges	205	-
Foreign exchange income	(55,293)	-
	34,259	-

SCHEDULE OF PROJECT FUND BALANCES

Donor	Project fund balance at 1st January 2016	* Prior year adjustments	Administrative expenses recovery for the year 2015	Restated project fund Balance	Grant income received	Transferred to deferred Income	Administrative expenses recovery for the year 2016	Operating expenditure	Effect of Exchange Difference	Fund balance at 31st December 2016
	€	€	€	€	€	€	€	€	€	€
African Knowledge Exchange Phase I	57,385	(45,984)	-	11,401	-	-	-	(11,401)	-	-
Ghana Connectivity for Senior Sec Schools	35,481	(35,481)	-	-	-	-	-	-	-	-
Intel Corporation	41,898	(41,898)	-	-	-	-	-	-	-	-
British Council	20,870	(20,870)	-	-	-	-	-	-	-	-
The Master Card Foundation-SIPSE Program	43,935	(38,332)	(5,568)	35	-	-	-	(35)	-	-
The Master Card Foundation-ADSI Program	1,340,754	25,571	-	1,366,325	-	-	(93,515)	(757,572)	17,554	532,792
Result for Development-PSIPSE Program	314	(314)	-	-	-	-	-	-	-	-
Ministry of Foreign Affairs-AKE Phase 2	44,207	12,184	-	56,391	-	-	-	(48,520)	(230)	7,641
Ministry of Foreign Affairs-AKE Phase 3	179,356	39,364	(12,804)	205,916	-	-	(15,310)	(152,879)	120	37,847
Swedish International Development Agency	1,134,386	(8,829)	-	1,125,557	508,900	(22,482)	-	(674,671)	40,607	977,911
Ministry of Foreign Affairs-ALICT Phase 2	657,507	(113,884)	(106,778)	436,845	641,000	-	(66,464)	(733,958)	7,113	284,536
Total	3,556,093	(228,473)	(125,150)	3,202,470	1,149,900	(22,482)	(175,289)	(2,379,036)	65,164	1,840,727

* Prior year adjustments relate to amounts reclassified from the project fund balances to the general fund as these do not relate to project balances payable/recoverable. The amount is made up of Shs 17,839,002 which relates to administrative recovery for the year ended 31st December 2014 and the balance of Shs 8,598,002 relates to recovery for the years 2013 and before.

Appendix III