

Africa Renewal Ministries Limited
(A Company limited by guarantee and without a share capital)

Directors' Report and Financial Statements

For the year ended 31 December 2012

Africa Renewal Ministries Limited
(A Company limited by guarantee and without a share capital)
Directors' Report and Financial Statements
For the year ended 31 December 2012

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Africa Renewal Ministries Limited

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Directors' Report

For the year ended 31 December 2012

The directors submit their report together with the audited financial statements for the year ended 31 December 2012 which disclose the state of affairs of Africa Renewal Ministries Limited. Africa Renewal Ministries main focus is raising future Christian leaders.

The Company's vision is to develop Next Generation Christian leaders in Africa who transform society by living Christian lives based on Biblical principles. During the year, the Company attained the following results in its core activities for leadership development.

Outputs

The Programmatic report on page 23 highlights the outputs against the strategic objectives.

Results

The deficit of income over expenditure for the year of Shs 253.2 million has been offset against the accumulated fund balance as at 31 December 2012.

Directors

The directors who held office during the year and to the date of this report were:

Mr. Jobra Mulumba Kisaku	Chairman
Pastor Peter Kasirivu	President
Ms. Robinah Lubwama	Member
Mr. David Kabiswa	Member
Ms. Barbara Mukasa	Member
Mr. Christopher Musoke	Member
Mr. Jacques Masiko	Member

General information

The Company is limited by guarantee and without a share capital, incorporated and domiciled in Uganda.

Bankers

Barclays Bank
Luwum Street Branch
PO Box 7101
Kampala

Auditors

Edes & Associates
Certified Public Accountants
P.O Box 21984
Kampala, Uganda.

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The Company's auditors, Edes & Associates, were appointed in March 2012 and have expressed willingness to continue in office in accordance with Section 167 (2) of the Companies Act 2012.

By order of the Board

Secretary

2014

Africa Renewal Ministries Limited

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Statement of Directors' Responsibilities

For the year ended 30 December 2012

The Uganda Companies Act 2012 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its income and expenditure. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements set out on pages 6 to 22, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Generally Accepted Accounting Principles and the requirements of the Uganda Companies Act 2012. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its surplus of income over expenditure for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the twelve months from the date of this statement.

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Director

2014

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Director

2014

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICA RENEWAL MINISTRIES LIMITED

- 1 We have audited the financial statements of Africa Renewal Ministries Limited set out on pages 6 to 22. These financial statements comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in fund balance and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

- 2 Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles. This responsibility includes; designing, implementing and maintaining internal controls 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.

Auditor's responsibility

- 3 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 that the financial statements are free from material misstatement.
- 4 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 environment 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 directors, as well as evaluating the overall presentation of the financial statements.
- 5 We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our opinion.
- 6 As noted under Note A of the accounting policies adopted in preparation of the financial statements, the financial statements are prepared under the modified cash basis of accounting, which is a generally accepted method of accounting. Income is recognised in the financial statements when received and expenditures are recognised when paid. However, advances for Company activities are not expensed but appropriate adjustments are made upon receipt of satisfactory accountabilities and/or refunds.

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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICA RENEWAL
MINISTRIES LIMITED (CONTINUED)**

Opinion

- 7 In our opinion, proper books of account have been kept and the accompanying financial statements which are in agreement with the books of account, give a true and fair view of the state of financial affairs of the Company as at 31 December 2012, and of its deficit of receipts over expenditure and cash flows for the period then ended in accordance with Generally Accepted Accounting Principles, and the respective donor funding requirements.

Report on other legal and regulatory requirements

As required by the Companies Act 2012, we report to you, based on our audit that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the 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 Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



Certified Public Accountants
Kampala

2014

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Statement of comprehensive income

	Notes	2012 Shs '000	2011 Shs '000
Income			
Donations received during the year	2(a)	8,310,042	8,062,681
Other income	2(b)	158,694	93,518
Foreign exchange gain	2(c)	<u>207,901</u>	<u>557,434</u>
Total income		<u>8,676,637</u>	<u>8,713,633</u>
Expenditure			
Administration expenses	4	188,180	210,061
Repairs and maintenance	5	38,330	46,289
Fees and bank charges	6	40,585	77,679
Staff costs	7	1,076,320	1,064,224
Depreciation and amortisation	8	235,863	204,853
Advertising and promotions	9	7,820	33,750
Travel and flights	10	101,461	134,949
Education expenses	11	5,549,762	4,095,852
Farming	12	1,230	7,192
Mission expenses	13	1,357,217	1,269,676
Food items	14	122,284	119,212
Resettlement and relief	15	560	-
Leadership development	16	163,867	115,672
Professional fees		<u>46,328</u>	<u>37,591</u>
Total expenditure		<u>8,929,807</u>	<u>7,417,000</u>
(Deficit) / Surplus for the year		<u>(253,170)</u>	<u>1,296,632</u>

The accounting policies and notes on pages 10 to 22 form an integral part of the financial statements.

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Statement of changes in fund balance

	Equity Shs '000	Accumulated fund Shs '000	Total fund balance Shs '000
Balance at 1 January 2011	874,297	3,785,244	4,659,541
Prior year adjustment	-	(86,494)	(86,494)
Surplus for the year	-	1,296,632	1,296,632
Balance at 31 December 2011	<u>874,297</u>	<u>4,995,382</u>	<u>5,869,679</u>
Balance at 1 January 2012	874,297	4,995,382	5,869,679
Adjustment against opening balance	-	(5,617)	(5,617)
Deficit for the year	-	(253,170)	(253,170)
Balance at 31 December 2012	<u>874,297</u>	<u>4,736,595</u>	<u>5,610,892</u>

The accounting policies and notes on pages 10 to 22 form an integral part of the financial statements

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Statement of cash flows

	Note	2012 Shs '000	2011 Shs '000
(Deficit) / Surplus for the year		(253,170)	1,296,632
Adjustments for:			
Depreciation	23	235,863	204,853
Reversal of assets and adjustment		(1,281)	21,000
Operating profit before working capital changes			
Working capital changes			
(Increase) / decrease in receivables		10,218	(556,601)
Increase / (decrease) in payables		679	(5,206)
Net cash flow from operating activities		<u>(7,690)</u>	960,678
Investing activities			
Purchase of property and equipment	23	(422,474)	(770,764)
Gain on disposal of asset		(33,259)	(2,762)
Proceeds from sale of asset		90,000	7,000
Net cash flow from investing activities		<u>(365,733)</u>	(766,526)
Financing activities			
Investment in fixed deposits	18	23,801	-
Net cash flow from financing activities		<u>23,801</u>	-
Increase / (decrease) in cash and cash equivalents		<u>(349,623)</u>	194,152
Movement in cash and cash equivalents			
At beginning of year		827,735	633,583
Increase / (decrease) during the year		<u>(349,623)</u>	194,152
At end of the year	19 & 20	<u>478,112</u>	<u>827,735</u>

The accounting policies and notes on pages 10 to 22 form an integral part of the financial statements

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Accounting policies

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

A Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The financial statements have been prepared under the historical cost convention.

B Income and expenditure recognition

The financial statements are prepared under the modified cash basis of accounting, which is a generally accepted method of accounting. Incomes are recognized when received and expenditures are recognised when made. However advances for programme activities are not expensed but appropriate adjustments are made upon receipt of satisfactory accountabilities and/or refunds.

C Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings at rates ruling at the transaction dates. Monthly payments on the dollar account are translated into Uganda Shillings using a monthly average rate determined by management basing on prevailing market rates. Assets and liabilities at the Statement of Financial Position date which are expressed in foreign currencies are translated into Uganda Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure account in the year in which they arise.

D Property and equipment

Property and equipment are stated at historical cost less depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Freehold, Leasehold and Kibanja land	Nil
Buildings	2%
Furniture and fittings	10%
Motor vehicles and cycles	25%
Computers	33.3%
Machinery	20%
Civil Works	2%

Accounting policies (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in income and expenditure statement.

Impairment of assets

Long-term assets are tested for impairment.

Leased assets are depreciated over the lease period on a straight line basis.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its life.

E Inventories

Inventory items are normally procured for immediate use. Any unused inventory items at the end of the financial year are valued at the lower of cost and net realizable value.

F Accounts receivable

Accounts receivables, which constitute advances to staff and implementing partners, are carried at the values at which they were extended. All advances are accounted for prior to being expensed in the Statement of Comprehensive Income.

G Income taxes

The Company is not a-for-profit organisation and is therefore exempt from income taxes. Income taxes are not recognised in the financial statements.

H Employee benefits – pension obligations

The Company does not operate any defined benefit pension schemes and as such there are no pension plan treatments in the financial statements of the Company.

I Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks and bank overdrafts (where applicable).

J Donations

Donations in kind are recognised in the financial statements at fair value.

K Comparatives

Where necessary comparative figures are adjusted to conform to changes in presentation in the current year.

Africa Renewal Ministries Limited*(A Company limited by guarantee and without a share capital)***Financial Statements**For the year ended 31 December 2012

Notes forming part of the financial statements**1 Budget to Actual Analysis for the year 2012**

	Budget	Actual	Variance	%
Income	Shs '000	Shs '000	Shs '000	Variance
Donations	10,434,770	8,310,042	(2,124,728)	-20%
Other income	1,059,715	158,694	(901,021)	-85%
Foreign exchange gain	161,883	207,901	46,018	28%
Total income	11,656,368	8,676,637	(2,979,731)	-26%
Expenditure				
Administration expenses	460,853	188,180	272,673	59%
Repairs and maintenance	173,184	38,330	134,854	77%
Fees and bank charges	377,690	86,913	290,777	77%
Staff costs	1,686,316	1,076,320	609,996	36%
Depreciation and amortisation	-	235,862	(235,862)	-
Advertising and promotions	158,429	7,820	150,609	95%
Travel and flights	319,649	101,461	218,188	68%
Education expenses	5,243,752	5,549,762	(306,010)	-6%
Farming	152,237	1,230	151,007	99%
Food items	104,100	122,284	(18,184)	-17%
Mission expenses	1,104,000	1,357,217	(253,217)	-23%
Resettlement and relief	-	560	(560)	-
Leadership development	361,250	163,867	197,383	55%
Total expenditure	10,141,460	8,929,807	1,211,653	12%
Surplus / (deficit) for the year	1,514,908	(253,170)	1,769,518	

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Notes forming part of the financial statements (continued)

2 Income

a) Donations	2012	2011
	Shs'000	Shs'000
Child Care	5,705,180	5,670,159
Construction	59,827	109,455
Gospel	87,045	74,604
Mercy Ministries	108,594	88,984
Health Care	230,107	73,758
Missions income	420,343	256,579
Other Donations	60,050	8,755
Missionary Support	218,497	228,801
General Support	412,994	621,247
Management	1,007,405	930,339
	<u>8,310,042</u>	<u>8,105,000</u>
b) Other income	2012	2011
	Shs'000	Shs'000
School fees/ Parents Contribution	90,252	42,319
Investment	35,873	3,626
Health Care local Income	-	6,002
Hiring Fees	15,419	11,935
Gifts in Kind	7,418	27,990
Interest earned	6,715	1,242
Sale of items	2,517	-
Miscellaneous income	500	407
	<u>158,694</u>	<u>51,202</u>
c) Foreign exchange gain	2012	2011
	Shs'000	Shs'000
Realised foreign exchange gain	207,901	557,434
	<u>207,901</u>	<u>557,434</u>

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Notes forming part of the financial statements (continued)

3 Surplus of Income over Expenditure

	2012	2011
	Shs'000	Shs'000
The following items have been charged in arriving at the excess of income over expenditure:		
Depreciation on property and equipment	235,863	204,853
Staff costs	1,076,320	1,064,223
Audit Fees	20,000	20,000
	<u>235,863</u>	<u>204,853</u>

4 Administrative expenses

	2012	2011
	Shs'000	Shs'000
Telephone and communication	18,155	20,295
Water	899	1,745
Electricity	8,984	15,985
Security	14,992	15,821
Office cleaning and supplies	18,564	22,335
Postage	3,912	6,970
Rent	1,340	1,600
Printing and stationery	28,544	23,125
Hire charges	3,028	4,880
Internet charges	31,340	23,648
Expendable assets	2,078	4,253
Gifts	10,373	20,901
Labour	41,943	45,865
Newspapers	4,013	2,441
Entertainment	15	197
	<u>188,180</u>	<u>210,061</u>

5 Repairs and Maintenance

	2012	2011
	Shs'000	Shs'000
Motor vehicles	22,787	18,512
Equipment repairs	5,337	10,674
Building repairs	1,160	9,117
Computer repairs	2,629	1,714
Licenses and service	6,417	6,272
	<u>38,330</u>	<u>46,289</u>

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Notes forming part of the financial statements (continued)

6 Fees and Charges

	2012	2011
	Shs'000	Shs'000
Bank charges	16,991	15,990
Freight and clearing	19,413	12,281
Registration fees	3,595	42,680
Commissions / charges	586	6,728
	<u>40,585</u>	<u>77,679</u>
 Professional fees	 46,328	 37,591
	<u>86,913</u>	<u>115,270</u>

7 a) Staff Costs

	2012	2011
	Shs'000	Shs'000
Salaries and wages	817,433	793,329
Medical	34,866	31,833
Benevolent	820	1,580
Staff meals	46,440	47,450
NSSF 10% contribution	81,746	79,406
Gifts	3,238	17,791
Staff retreat / training	39,469	37,560
Pension and retirement benefit	747	3,654
Allowances	38,903	35,074
Accommodation	12,658	12,706
Burial expenses	-	3,750
Bad and doubtful debts	-	90
	<u>1,076,320</u>	<u>1,064,223</u>

b) Staff Costs	2012	2011
	Shs'000	Shs'000

The following items are included within staff costs:

Salaries and wages	<u>1,076,320</u>	<u>1,064,223</u>
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The number of persons employed by the Company at year end was 40. (2011: 40)

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Notes forming part of the financial statements (continued)

8 Depreciation and amortisation

	2012	2011
	Shs'000	Shs'000
Buildings	72,641	61,125
Machinery & equipment	52,164	55,600
Furniture & Fittings	34,949	34,415
Motor vehicles	50,393	32,139
Computers	21,686	17,816
Civil Works	4,030	3,758
	<u>235,863</u>	<u>204,853</u>

9 Advertising and Promotion

	2012	2011
	Shs'000	Shs'000
Posters and hand-outs	900	11,841
Magazines	2,170	1,048
Publicity	4,750	12,671
Radio publication	-	8,190
	<u>7,820</u>	<u>33,750</u>

10 Travel and Flight

	2012	2011
	Shs'000	Shs'000
Air tickets and visas	41,964	57,433
Taxi hire	34	300
Fuel / transport	59,133	77,181
Boat	330	35
	<u>101,461</u>	<u>134,949</u>

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Notes forming part of the financial statements (continued)

11 Education Expenses

	2012	2011
	Shs'000	Shs'000
School fees (Education)	2,117,334	1,747,016
Child support	229,261	127,336
School uniform	289,333	231,628
Photography	1,464	3,947
Shoes	5,530	391
Medical (Healthcare)	282,820	178,957
Assorted gifts	601,535	355,450
Children's food	586,246	485,868
Co-curriculum	175,187	82,678
Lab equipment / reagents	1,454	-
Exams and functional fees	7,770	104
Personal hygiene	15	137
Spiritual development	2,622	11,313
Students' tuition	137,322	123,380
Students' upkeep and accommodation	3,900	15,048
Students' training	359	2,529
Burial expenses	40	-
Project Director	178,225	127,625
Social Workers	303,679	216,853
Bible training	159,479	116,039
Livelihood	157,898	115,971
Child nurturing	254,033	138,157
Program monitoring and evaluation	46,720	9,957
Correspondence	7,536	5,472
	<u>5,549,762</u>	<u>4,095,856</u>

12 Farming Expenses

	2012	2011
	Shs'000	Shs'000
Livestock	1,230	7,132
Drugs and pesticides	-	60
	<u>1,230</u>	<u>7,192</u>

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13 Mission Expenses

	2012 Shs'000	2011 Shs'000
Mission expenses	196,782	268,279
Missionary support expenses	160,010	242,566
General support expenses	<u>1,000,425</u>	<u>758,832</u>
	<u>1,357,217</u>	<u>1,269,677</u>

14 Food Items

	2012 Shs'000	2011 Shs'000
Food items	<u>122,284</u>	<u>119,213</u>

15 Resettlement/Relief

	2012 Shs'000	2011 Shs'000
Spiritual Development (Gospel)	<u>560</u>	<u>-</u>

16 Leadership Development

	2012 Shs'000	2011 Shs'000
Seminar and conferences	109,057	-
Workshops	27,150	-
Radio Ministry	26,840	16,580
Outreaches and celebrations	820	98,592
Meetings	-	500
	<u>163,867</u>	<u>115,672</u>

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17 Receivables

	2012	2011
	Shs'000	Shs'000
Staff debtors	6,820	10,517
Savings scheme	-	774
Other debtors	33,473	60,661
Interest receivable	913	111
Accountable advances	19,870	45,198
Advances to implementing partners**	<u>557,227</u>	<u>511,262</u>
	<u>618,303</u>	<u>628,523</u>

**The amount represents the outstanding advances to implementing partners at the end of the year 2012 in the financial statements in compliance with the accounting policy of the Company. This amount had been previously expensed in the current year. Management expects to obtain full accountability for the funds in the subsequent year.

18 Cash held under fixed deposits

	2012	2011
	Shs'000	Shs'000
Cash held under fixed deposits	<u>23,800</u>	<u>-</u>

This amount represents short-term fixed deposits for Mwangaza maintained with Barclays Bank Limited. The fixed deposits are for a period of 12 months (maturing 24 June 2013) at average interest rate of 18%.

19 Cash and bank - projects

	2012	2011
	Shs'000	Shs'000
Resource Center	6,662	580
Administration National Office (ARM Relief)	19,218	14,284
Other projects - Mercy Network	<u>-</u>	<u>24,259</u>
	<u>25,880</u>	<u>39,123</u>

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20 Cash and bank - head office

	2012	2011
	Shs'000	Shs'000
United States Dollar Account	105,905	577,035
Project Account	229,702	14,771
Administration Account	15,413	56,484
ARMS Construction Account	52,346	21,314
Main Account	19,982	113,202
ARMS Mwangaza Account	500	-
Development Account	28,384	5,806
	<u>452,232</u>	<u>788,612</u>

21 Equity

	2012	2011
	Shs'000	Shs'000
Accumulated Funds	4,736,595	4,995,382
Deferred Equity	874,297	874,297
	<u>5,610,892</u>	<u>5,869,679</u>

22 Payables

	2012	2011
	Shs'000	Shs'000
PAYE	2,377	1,074
NSSF	-	276
Other payables	-	750
Local Child Sponsorship	400	-
Audit fees provision	20,000	20,000
	<u>22,777</u>	<u>22,100</u>

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23 Property and equipment

Particulars	Land	Buildings	Machinery	Furniture & fittings	Motor vehicle & cycles	Computers	Civil Works	Work in Progress	Lab Equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost of Assets										
At 01 January 2011	914,566	2,854,662	340,581	334,283	165,396	193,485	126,143	751	60,883	4,990,750
Additions	454,494	201,593	17,158	9,870		26,620	61,780	(751)	-	770,764
Reversals	(116,026)	-								(116,026)
Disposals			-	-	(16,950)	-	-	-	-	(16,950)
At 31 December 2011	1,253,034	3,056,255	357,739	344,153	148,446	220,105	187,923	-	60,883	5,628,538
Accumulated Depreciation										
At 01 January 2011	-	287,772	234,771	178,694	113,873	176,828	8,992	(2)	-	1,000,878
Charge for the year	-	61,125	55,600	34,415	32,139	17,816	3,758	-	-	204,853
Reversals	-									
Disposal	-	-	-	-	(12,712)	-	-	-	-	(12,712)
At 31 December 2011	-	348,847	290,371	213,109	133,300	194,644	12,750	(2)	-	1,193,019
Net book Value										
As at 31 December 2011	1,253,034	2,707,408	67,368	131,044	15,146	25,461	175,173	2	60,883	4,435,519
Cost of Assets										
At 01 January 2012	1,253,034	3,056,255	357,739	344,153	148,446	220,105	187,923	-	60,883	5,628,538
Additions	293,382	71,716	7,311	14,775	101,234	29,419	13,717			531,554
Re-classifications	(120,000)	(41,963)	(94,089)	(9,437)	(48,109)	(163,358)	(145)			(477,101)
Disposals	(50,000)	-	-	-	-	-	-			(50,000)
At 31 December 2012	1,376,416	3,086,008	270,961	349,491	201,571	86,166	201,495	-	60,883	5,632,991
Accumulated Depreciation										
At 01 January 2012	-	348,847	290,371	213,109	133,300	194,644	12,750	(2)	-	1,193,019
Charge for the year	-	72,641	52,164	34,949	50,393	21,686	4,030	-	-	235,863
Re-classifications	-	(10,921)	(90,544)	(392)	(48,109)	(159,233)	(145)	2	-	(309,342)
Disposals	-	-	-	-	-	-	-			
At 31 December 2012	-	410,567	251,991	247,666	135,584	57,097	16,635	-	-	1,119,540
Net book Value										
As at 31 December 2012	1,376,416	2,675,441	18,970	101,825	65,987	29,069	184,860	-	60,883	4,513,451

Notes forming part of the financial statements (continued)

24 Income tax

There was no income tax expense in respect of the year ended 31 December 2012 because the Company is registered as a Non-Governmental Organisation (NGO) registration number S. 5914/1008 and is eligible for exemption from taxes. Management is yet to obtain the certificate of tax exemption from the Tax authorities in accordance with the Income Tax Act requirements.

25 Contingent liabilities

The directors are not aware of any contingent liabilities as at 31 December 2012 (2011: Nil).

26 Commitments

There were no capital commitments as at 31 December 2012 (2011: Nil).

27 Retirement benefit obligations

Post-retirement benefits

The Company made contributions towards the National Social Security Fund (NSSF) Scheme for the year ended 31 December 2012.

28 Country of incorporation and registered office

The Company is incorporated in Uganda under the Companies Act, Cap 110 and domiciled in Uganda. The address of its registered office is:

Africa Renewal Ministries Limited,
Kyadondo Block 251, Kawuku Road, Ggaba,
P O Box 26083,
Kampala.

29 Currency

These financial statements are presented in Uganda Shillings (Shs000).

Africa Renewal Ministries Limited

(A Company limited by guarantee and without a share capital)

Financial Statements

For the year ended 31 December 2012

Appendix I: Programmatic Report

Strategic objective

To enhance purposed staff development to improve performance

To ensure standardization and adherence of ministry policies & procedures by all stakeholders (staff, church, children

Promotion of improved or created systems that will ensure consistent and effective internal and external flow of information

To create and implement a purposed capacity building strategy for church partners that will ensure church empowerment

To create and implement an excellent self sustainability program that will benefit sponsored children

Ensure that 80% of children are meeting ARM child development standards and 70% of CDPs / ECDPs achieve 90% of project minimum standards

To create an excellent system that will ensure consistent and effective information flow to and from partners at all ministry levels to attract retain and satisfy Partners

To ensure efficient and effective systems that will promote value for money and total accountability

Results

- A staff retreat was held.
- One staff in Logistics office attended a two daysq training in **effective store management & material control**.
- One Monitoring & Evaluation staff attended a two daysq training in Finance for non-Finance managers.
- Staff appraisals were done.
- Manuals for Mwangaza, church partnership guidelines, leadership development curriculum were prepared.
- Human resource and finance & administration manuals are being revised and expected to be finalized in 2013.
- Communication map schedule was drafted and shared with staff.
- Improved internet services were made available to staff.
- Control of the ARMS website was transferred to the Uganda office from the previous Web Administrator.
- Two summits and a training session were held for church partners.
- Self sustainability projects were set up in Bethany to benefit the children.
- More plans concerning sustainability in other projects were incorporated into the 2013 plans.
- 82% of the CDP achieved the 90% minimum standards.
- 5 out of the 28 projects had leadership and programme management challenges.
- None of the ECDPs registered a child death. However, they had a challenge reaching the sponsorship standard.
- Reporting templates were discussed with partners and put in place.
- A workshop for project workers and consistent and effective information flow was discussed.
- Timelines were set for report submission not only at the field level but also at the head office level.
- Systems were put in place, as well as an internal auditor to ensure value for money and total accountability