Deborah Riccui- Espandere Orizzonti (Formerly Expanded Horizons)
Financial statements
for the year ended December 31, 2019

Corporate information

Country of entity and domicile	:	Uganda	
Directors / Board members	:	**Name**	**Position**
		Mr. Ricciu Giovanni Maria	President
		Mr. Schirru Roberto Giuseppe	VicePresident
		Mrs. Della Morte Agnese	Secretary
		Mr. Scapini Luca	Treasurer
		Mr. Bazzoni Giuseppe	Executive Member
		Mr. Ricciu Mauro	Executive Member
		Mrs. Pidinchedda Salvatorica	Executive Member
		Mr. Abdulbaasit Lukwago	Executive Member
Registered office	:	Kibiri, Busaabala road PO Box 27946 Kampala, Uganda	
Bankers	:	Stanbic Bank Uganda Limited PO Box 130 Kampala, Uganda	
Auditors	:	Chuckle & Co. Certified Public Accountants PO Box 7131 Kampala, Uganda	
TIN	:	1009887881	

Directors' report

The directors have pleasure in submitting their report on the state of affairs of Deborah Riccui- Espandere Orizzonti (Formerly Expanded Horizons) ("the Organisation") for the year ended December 31, 2019.

1. Nature of operations

The Organisation is is a charity educational project sponsored by donors from Europe aimed to carry out and promote emergency and rehabilitation programmes that help the poorest children of Kibiri, mostly orphans with dramatic family problems and operates principally in Uganda.

Deborah Ricciu – Espandere orizzonti is a Ugandan branch of the Associazione "Deborah Ricciu - Espandere Orizzonti", an Italian-based NGO, registered on the 28th July 2011, in the town of Olbia, Italy, by the Ufficio delle Entrate, registration number, V.A.T. nr. 91045210902 and amended on the 2nd August 2016.

There have been no material changes to the nature of the Organisation's business from the prior year.

2. Review of financial results

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards and approved budget. The accounting policies have been applied consistently to all the periods presented in the accompanying financial statements.

Full details of the financial position, results of operations and cash flows of the organisation are set out in the accompanying financial statements.

3. Directorate

The directors who held office during the period and up to the date of this report are as follows:

Directors	Position
Mr. Ricciu Giovanni Maria	President
Mr. Schirru Roberto Giuseppe	VicePresident
Mrs. Della Morte Agnese	Secretary
Mr. Scapini Luca	Treasurer
Mr. Bazzoni Giuseppe	Executive Member
Mr. Ricciu Mauro	Executive Member
Mrs. Pidinchedda Salvatorica	Executive Member
Mr. Abdulbaasit Lukwago	Executive Member

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which requires adjustments to or disclosures in the accompanying financial statements.

5. Auditors

Chuckle & Co. Certified Public Accountants have expressed their willingness to continue as auditors of the Organisation.

6. Secretary

The Organisation secretary is Della Morte Agnese, whose registred office is at PO Box 27946, Kampala, Uganda.

____
Director

Date: 10TH APRIL 2021 Place: ..KAMPALA.........

Directors' responsibilities and approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Public Sector Accounting Standards and approved budget.

The financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and approved budget are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets 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 directors and all employees are required to maintain the highest ethical standards in ensuring the Organisation's operation is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management on identifying, assessing, managing and monitoring all known forms of risk across the directors. While operating risk cannot be fully eliminated, the directors endeavor to minimize 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 financial statements set out on pages 8 to 20 were approved by the Board on 5TH APR. 2021 and were signed on its behalf by;

Director

Date:- 10TH APRIL 2021

Kampala Uganda

Statement of financial performance

	Note(s)	2019 UShs'000	2018 UShs'000
Income			
Contributions and grant	3	85,764	44,430
		85,764	**44,430**
Expenditure			
Program costs	4	(77,790)	(63,836)
Surplus for the year		**7,974**	**(19,406)**

Statement of Financial Position

	Note(s)	2019 UShs'000	2018 UShs'000
Non-current assets			
Property, plant and equipment	5	71,431	64,451
Current assets			
Cash and cash equivalents	6	994	892
		994	**892**
Total assets		**72,426**	**65,343**
Fund balance and liabilities			
Fund balance			
Accumulated surplus	7	57,874	49,899
Liabilities			
Current liabilities			
Payables due to directors		14,552	15,444
		14,552	**15,444**
Total fund balance and liabilities		**72,426**	**65,343**

The financial statements on pages 8 to 20, were approved by the Board on _____________ and were signed on its behalf by:

Director

Date: 10TH APRIL 2021

Director

Date: 10TH APRIL 2021

The notes on pages 11 to 20 form an integral part of the financial statements.

Statement of Cash Flows

	Note(s)	2019 UShs'000	2018 UShs'000
Cash flow from operating activities			
Surplus for the year		7,974	(19,406)
Add:			
Depreciation		10,945	9,152
		18,919	**(10,254)**
Changes in working capital			
Increase in payables		(892)	8,892
Net cash from operating activities		**18,027**	**(1,362)**
Cash flow from investing activities			
Purchase of property, plant and equipment		(17,925)	-
		(17,925)	**-**
Net change in cash and cash equivalents for the year		**102**	**(1,362)**
Cash and cash equivalents at the beginning of the year		893	2,255
Cash and cash equivalents at end of the year	**6**	**995**	**893**

The notes on pages 11 to 20 form an integral part of the financial statements.

Notes to the Financial Statements

1. Reporting Entity

Deborah Riccui- Espandere Orizzonti (Formerly Expanded Horizons) ("the Organisation") is incorporated in Uganda without share capital under the NGO Act, 2016.
The registered offices of the Organisation is at Kibiri, Busaabala road, PO Box 27946, Kampala, Uganda.

1.1 Significant Accounting Policies

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

1.2 Basis of preparation

The financial statements have been prepared on the going concern basis and are in accordance with International Public Sector Accounting Standards (IPSAS) and approved budget.

The financial statements have been prepared on the historical cost conversion, unless otherwise stated in the accounting policies which follows and incorporate the principal accounting policies set out below. They are presented in Uganda Shilling, which is the organisation's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These accounting policies have been applied consistently throughout the current period and in all the period presented.

1.3 Significant judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) requires management, from time to time , to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. These estimates and associated assumptions are based on the experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

a) Taxation

The Organisation is engaged in providing charitable services in Uganda and have no taxable earnings. Therefore, the impact of income tax and deferred tax are not considered for preparing financial statements.

b) Provision

These are contingents as they are uncertain in timing or amount, however they arise as a result of occurrence of an event that may be within or outside the Organisation’s control. Provisions are recognized in the circumstances when: any entity has a present obligation (legal or constructive) as a result of a past event, it’s probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligations.

c) Useful lives of property plant and equipment

When the estimated useful life or residual value of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.4 Recognition of income

Donor income and all other income is recognized for on cash basis. Grant income received is deferred and recognized as D.R.E.O satisfies the performance obligations i.e. as the projects progress.

1.5 Program expenditures

All expenditures have been accounted for on accrual basis.

1.6 Translation of foreign currencies

Transactions in foreign currencies during the year for the donors fund are converted into Uganda Shillings at rates ruling at the transaction dates. Transactions in foreign currencies during the year are converted into the functional currency, Uganda shillings, using the exchange rates prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance except where related to equity instruments which are reflected in equity. A foreign currency transaction is recorded, on initial recognition in Uganda shillings by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Notes to the Financial Statements

1.7 Employee benefits

The costs of all short-term employee benefits, such as: medical insurances, gratuity, leave pay, National Social Security Fund (NSSF) and others are recognized during the period in which the employee renders the related service.

The NSSF costs to the organisation is the mandatory employer's contribution as a percentage specified by the NSSF Act to the employee's consolidated salary.

1.8 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Organisation recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.
Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Asset class	**Useful life**
Buildings	10 (years)

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable.

The Organisation de-recognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

1.9 Leases

Recognition and measurement

Operating lease within the scope of International Public Sector Accounting Standard (IPSAS 13) Leases: Lease payments under operating lease are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the user's benefit.

1.10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances at period end.

Notes (Continued)

1.11 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of International Public Sector Accounting Standard (IPSAS 29) Financial Instruments: Recognition and Measurement are classified as receivables. The Organisation determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the organisation commits to purchase or sell the asset.

The organisation's financial assets include: cash and bank.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

De-recognition

The organisation de-recognizes a financial asset or, where applicable, a part of a financial asset or part of a the Organisation of similar financial assets when:

The right to receive cash flows from the asset has expired or is waived. The organisation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the organisation has transferred substantially all the risks and rewards of the asset; or (b) the organisation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Organisation does an assessment of it’s assets at each reporting date whether there is objective evidence that a financial asset or a the Organisation of financial assets is impaired. A financial asset or a the Organisation of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the Organisation of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

a) The receivables are experiencing significant financial difficulty
b) Default or delinquency in interest or principal payments
c) The probability that receivables will enter bankruptcy or other financial reorganization

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the organisation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the organisation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a organisation of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Organisation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

1.12 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of International Public Sector Accounting Standards (IPSAS 29) are classified as payables, as appropriate.

The organisation determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value, plus directly attributable transaction costs.

The entity's financial liabilities include other payables (including client funds held in trust).

Subsequent measurement

The measurement of financial liabilities depends on their classification.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

1.13 Related parties

The organisation regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the organisation, or vice versa. The board members and key management personnel are regarded as related parties.

2. New Standards and Interpretations:

2.1 Standards and interpretations effective and adopted in current year:

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

PBE IPSAS 1 Approved Budget (Amendments to PBE IPSAS 1)

The amendments remove the reference to an "approved budget" from PBE IPSAS 1, as this term is not normally used by New Zealand PBEs, and replace it with a reference to general purpose prospective financial statements.

The amendments also clarify that, for PBEs that had published general purpose prospective financial statements, the comparison between the prospective financial statements and the "historical" financial statements for the current reporting period should be disclosed as follows:

- For public sector PBEs, this comparison should be disclosed either on the face of the financial statements or in a separate statement;
- For non-For-profit PBEs, this comparison should be disclosed on the face of the financial statements, or in a separate statement, or in the notes.

Consequential amendments were also made to PBE IAS 34 with respect to interim financial reports.

The effective date of the standard is for years beginning on or after January 1, 2018.

The organisation has adopted the standard for the first time in the 2018 financial statements.

The impact of the standard is assessed and disclosed by way of additional disclosure in the notes to the financial statements.

2.2 Standards and interpretations not yet effective

The organisation has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Organisation's accounting periods beginning on or after January 1, 2020 or later periods:

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact
IPSAS 42 Social Benefits	January 1, 2022	Unlikely there will be material Impact
Amendments to IPSAS 19,Provisions, Contingent Liabilities and Contingent Assets)	January 1, 2022	Unlikely there will be material Impact

Notes (Continued)	**2019 UShs'000**	**2018 UShs'000**
3. Income		
3.1 Contributions and grant		
Funds received from Italy	85,764	44,430
	85,764	**44,430**
3.1 Other income		
Foreign currency exchange gains		343
	-	**343**

Notes (Continued)	**2019 UShs'000**	**2018 UShs'000**
4. Program costs		
Employee compensation	24,124	19,469
Food stuff	16,674	8,725
Depreciation	10,945	9,152
Miscellaneous	5,606	6,148
Transport	4,072	1,810
Facilitation	-	4,642
Consumables	5,221	2,788
Stationery	3,635	2,752
Tools and equipment	-	2,784
Telephone and internet charges	1,743	998
Entertainment	510	2,248
Electricity	666	616
Repairs and maintenance	3,929	1,705
Cleaning expenses	615	-
Medical expenses	50	-
	77,790	**63,836**

Notes (Continued)

5. Property, plant and equipment

Cost	**Land UShs'000**	**Buildings UShs'000**	**Total UShs'000**
At January 1, 2018	3,030	91,524	94,554
Additions			-
At December 31, 2018	**3,030**	**91,524**	**94,554**
At January 1, 2019	3,030	91,524	94,554
Additions during the year		17,925	17,925
At December 31, 2019	**3,030**	**109,449**	**112,479**
Depreciation			
At January 1, 2018		20,950	20,950
Charge for the year		9,152	9,152
At December 31, 2018	**-**	**30,103**	**30,103**
At January 1, 2019	-	30,103	30,103
Charge for the year		10,945	10,945
At December 31, 2019	**-**	**41,047**	**41,047**
Net book value			
At December 31, 2018	**3,030**	**61,422**	**64,451**
At December 31, 2019	**3,030**	**68,402**	**71,431**

Notes (Continued)	**2019 UShs'000**	**2018 UShs'000**
6. Cash and Cash Equivalent		
Cash on hand	840	543
Cash at bank	154	349
	994	**892**
7. Fund balance		
Opening	49,899	69,306
Surplus for the year	7,974	(19,406)
Closing	**57,874**	**49,899**

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which requires adjustments to or disclosures in the financial statements.

9. Contingencies

In the opinion of management, the Organisation did not have any contingent liabilities as at December 31, 2019 (2018: Nil)

10. Comparatives

Previous years figures have been regrouped/reclassified in order to make them comparable with that of current financial period, wherever necessary.