

**VOLCANOES SAFARIS
PARTNERSHIP TRUST**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

31 DECEMBER 2017

**VOLCANOES SAFARIS PARTNERSHIP TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**VOLCANOES SAFARIS PARTNERSHIP TRUST
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

PRINCIPAL PLACE OF BUSINESS

1 Kololo Hill Drive
Office Block B-2nd Floor
P. O. Box 22818
Kampala

BANKERS

Stanbic Bank Uganda Limited
Crested Towers
17 Hannington Road
P. O. Box 7131
Kampala

SECRETARY

Kevin James
1 Kololo Hill Drive
Kisementi
P. O. Box 22818
Kampala

AUDITORS

Ernst & Young
Ernst & Young House
18 Clement Hill Road
Shimoni Office Village
P. O. Box 7215
Kampala

**VOLCANOES SAFARIS PARTNERSHIP TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of Volcanoes Safaris Partnership Trust ("the Trust").

1. PRINCIPAL ACTIVITIES

The Trust is an independent non-profit organization working in Uganda and other African Countries as appropriate. Volcanoes Safaris Partnership Trust is registered under the Trustees Incorporation Act (Cap 165) of the Republic of Uganda. The goal of the Trust is, "To improve rural livelihoods and opportunities; support the conservation of wildlife and ecosystems; and enhance rural development through responsible ecotourism".

The Trust currently works and has plans for developmental projects in Virungas, Rwanda, Bwindi Impenetrable Forest, Mount Gahinga National Park and Kyambura Gorge in Uganda.

The Trust is funded through donations of USD 100 for every full cost safari purchased in Volcanoes Safaris Limited. A full cost safari is one where the client is offered no discount other than commercial commissions payable to the tour operator company.

2. RESULTS AND RESERVES

The results for the year and the accumulated fund at the year-end are set out on page 7.

3. THE BOARD OF TRUSTEES


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

Name	Position
Mr Praveen Moman	Chairman
Mr Kevin James	Treasurer
Mr Ravi Govindia	Member
Mr Dan Carucci	Member (resigned 19 October 2017)
Mr Oscar John Kihika	Member (resigned 19 October 2017)

4. AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office in accordance with Section 167(2) of the Companies Act, 2012 of Uganda.

Secretary


..... 7/11 2018

**VOLCANOES SAFARIS PARTNERSHIP TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Uganda Trustees Act requires the Trustees to prepare financial statements for each year that give a true and fair view of the state of affairs of the Trust as at the end of the financial year and of the operating results of the Trust for that year. It also requires the Trustees to ensure the Trust keeps proper accounting records that disclose with reasonable accuracy the financial position of the Trust.

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Uganda Trustees Act and for such internal controls as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustees' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these 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.

The Trustees accept responsibility for the financial statements set out on pages 7 to 21 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the reporting requirements of the Uganda Trustees Act. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the surplus and cash flows for the year ended 31 December 2017. The Trustees 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.

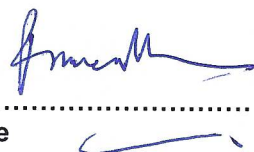
The Trustees have made an assessment of the Trust's ability to continue as a going concern and have no reason to believe the Trust will not be a going concern for the next twelve months from the date of this statement.

The Auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards and the Uganda Trustees Act

Approval of the Financial Statements

The financial statements were approved by the Board of Trustees on 7/11 2018 and signed on its behalf by:

.....
Trustee 

.....
Trustee 



Ernst & Young
Certified Public Accountants of Uganda
Ernst & Young House
Plot 18, Clement Hill Road
Shimoni Office Village,
P.O.Box 7215
Kampala, Uganda

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Tel: +256 414 343520/4
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOLCANOES SAFARIS PARTNERSHIP TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Volcanoes Safaris Partnership Trust, which comprise the statement of financial position as at 31 December 2017, and the statement of income and expenditure and changes in accumulated fund, statement of financial position and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 20.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Trust's financial position as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs) and the requirements of the Ugandan Trustees Act.

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 Trust in accordance with the International IFAC Code and other independence requirements applicable to performing audits in Uganda. We have fulfilled our other ethical responsibilities in accordance with the IFAC Code, and in accordance with other ethical requirements applicable to performing the audit of Volcanoes Safaris Partnership Trust. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 18 to the financial statements, regarding the status of the organisation's application for a tax exemption certificate from the Uganda Revenue Authority (URA). Our report is not modified in respect of this matter.

Other information

The Trustees are responsible for the other information. The other information comprises the report of the Trustees. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the accompanying financial statements does not cover the other information and we do not express an audit opinion or 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 on the other information obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation and fair presentation of these Trust financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs) and the Uganda Trustees Act, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- 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.
- Conclude on the appropriateness of the Trustees' 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 Trust'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 our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

We communicate with the Trust 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 on the audit resulting in this independent auditor's report is CPA Geoffrey Byamugisha – P0231.

Ernst & Young
.....
Ernst & Young
Certified Public Accountants of Uganda
Kampala, Uganda
13 December 2018

Geoffrey Byamugisha
.....
Geoffrey Byamugisha
Partner

VOLCANOES SAFARIS PARTNERSHIP TRUST
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN ACCUMULATED
FUND
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		Ushs'000	Ushs'000
Trust revenue	5	334,182	328,914
		334,182	328,914
Other operating income	6	132,958	38,436
Project expenses	7		
Bwindi Projects	7.1	(23,670)	(32,847)
Kyambura Projects	7.2	(160,858)	(88,819)
Mgahinga Projects	7.3	(105,401)	(25,686)
Virunga Projects	7.4	(17,754)	(29,124)
		(307,683)	(176,476)
Indirect expenditure			
Administrative expenditure	8	(54,422)	(35,343)
Establishment expenditure	9	(11,348)	(12,157)
		(65,770)	(47,500)
Surplus before tax		93,687	143,374
Income tax charge for the year		-	-
Surplus for the year		93,687	143,374
Accumulated fund at 01 January		1,162,040	1,018,666
Accumulated fund at 31 December		1,255,727	1,162,040

**VOLCANOES SAFARIS PARTNERSHIP TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

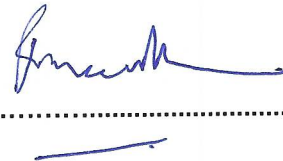
	Note	2017	2016
		Ushs'000	Ushs'000
Non-current assets			
Property and equipment	11	1,010,499	933,203
Current assets			
Trade and other receivables	12	9,101	7,968
Amounts due from related parties	14	185,933	218,615
Cash and bank balances	13	76,188	22,655
		<u>271,222</u>	<u>249,238</u>
Total assets		<u>1,281,721</u>	<u>1,182,441</u>
Equity			
Accumulated fund		<u>1,255,727</u>	<u>1,162,040</u>
Total equity		<u>1,255,727</u>	<u>1,162,040</u>
Current liabilities			
Trade and other payables	15	20,514	20,401
Amounts due to related parties	15	5,480	-
		<u>25,994</u>	<u>20,401</u>
Total equity and liabilities		<u>1,281,721</u>	<u>1,182,441</u>

The financial statements were approved by the Board of Trustees on 7/11 2018 and signed on its behalf by:

Trustee.....



Trustee.....



VOLCANOES SAFARIS PARTNERSHIP LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Note	Ushs'000	Ushs'000
Operating activities			
Surplus before tax		93,687	143,374
Adjustments for:			
Depreciation on property and equipment	11	9,104	9,169
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(1,133)	4,175
Decrease/(increase) in amounts due from related parties		32,682	(117,542)
Increase in amounts due to related parties		5,480	-
Increase in trade and other payables		113	5,196
Net cash generated from operating activities		<u>139,933</u>	<u>44,372</u>
Investing activities			
Purchase of property and equipment	11	<u>(86,400)</u>	<u>(28,779)</u>
Net cash used in investing activities		<u>(86,400)</u>	<u>(28,779)</u>
K;Movement in cash and cash equivalents			
At start of year		22,655	7,062
Increase/(decrease) in cash and cash equivalents		<u>53,533</u>	<u>15,593</u>
At end of year	13	<u><u>76,188</u></u>	<u><u>22,655</u></u>

VOLCANOES SAFARIS PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Volcanoes Safaris Partnership Trust is a Trust incorporated in Uganda under the Trustees Incorporation Act, CAP.165. The address of its registered office is indicated on page 1.

2. BASIS OF PREPARATION

The financial statements of Volcanoes Safaris Partnership Trust have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs) as issued by the International Accounting Standards Board (IASB) and the reporting requirements of the Uganda Trustees Act.

The financial statements have been prepared on a historical cost basis, except where otherwise stated in the accounting policies below. The financial statement values are presented in Uganda shillings (Ushs), rounded to the nearest thousand (Ushs'000).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue recognition

Income is recognised to the extent that it is probable that economic benefits will flow to the Trust and the revenue can be reliably measured.

Trust income

A voluntary donation of USD 100 is recognised for every full cost safari purchased in Volcanoes Safaris Limited. A full cost safari is one where the client is offered no discount other than commercial commissions payable to the tour operator company.

Other income

Other income relates to 50% of café and tea sales at the various lodges and any other receipts from donors for specific projects.

b) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost can be reliably measured.

VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Property and equipment (continued)

The carrying amount of the replaced part of an asset is derecognized and all other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Depreciation for furniture, fittings and equipment, computer equipment and buildings is calculated on reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life. The depreciation of motor vehicles is calculated on straight line basis over estimated useful life of four years.

The following annual rates are used for the depreciation of property and equipment;

Furniture, fittings and equipment	12.5%
Computer equipment	33.33%
Buildings	2.5%

The assets residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted prospectively if appropriate.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

c) Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

d) Trade receivables

Trade receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss

A specific provision is made for all known doubtful debts. Bad debts are written off during the period in which they are identified when all reasonable steps to recover them have been taken without success.

VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Trade payables

Trade payables are initially measured at fair value. After initial measurement, trade payables are subsequently measured at amortised cost using the effective interest rate method. Amortisation is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortisation is included in profit or loss.

f) National Social Security Fund

The Trust contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Trust's obligations under the scheme are limited to specific contributions legislated from time to time and are currently 10% of the employees' gross salary. The Trust's contributions are charged to profit or loss in the period to which they relate.

g) Foreign currency translations

Items included in the financial statements of the Trust are measured using the currency of the primary economic environment in which the Trust operates ("the functional currency"). The financial statements are presented in Uganda Shillings, which is the Trust's presentation currency. Transactions in foreign currencies are translated into Uganda Shillings at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Uganda Shillings at the rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the yearend of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and cash in hand.

i) Impairment of financial assets

The Trust assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group 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 group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Provisions

Where the Trust has a legal or constructive obligation as a result of a past event that will result in an outflow of economic benefits from the Trust, provisions are recognised. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the reporting date.

Property and equipment

Estimates of residual values are made by the trustees in addition to the estimates of expected useful lives of property and equipment.

The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, product life cycles and the intention of management.

Residual values of an asset are determined by estimating the amount that the entity would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of age and in a condition expected at the end of its useful life.

The estimation of the useful life and residual values of an asset is a matter of judgement based on the past experience of the trust with similar assets and the intention of management.

VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2017	2016
	Ushs'000	Ushs'000
5. REVENUE		
Trust income	334,182	328,914
	334,182	328,914
6. OTHER OPERATING INCOME		
Kyambura Coffee Sales	9,923	5,978
Kyambura Cafe income	19,197	14,196
Bwindi Cafe income	11,298	8,949
Bwindi Tea income	2,600	1,526
Crafts income	1,041	710
VSPT Direct donations	85,323	-
Project Tours Income	3,576	2,936
Foreign exchange gains	-	4,141
	132,958	38,436
7. PROJECT EXPENSES		
	2017	2016
	Ushs'000	Ushs'000
7.1. BWINDI PROJECT EXPENSES		
Bwindi Tea Projects	3,106	2,358
Bwindi Café	11,163	14,509
Sundry expenses	802	187
Staff costs	8,206	15,137
Transport & telephone expenses	393	656
	23,670	32,847
7.2 KYAMBURA PROJECT EXPENSES		
Omumashaka Performance Group	1,980	2,070
Empundu Playground	3,623	3,088
Kyambura Café	15,532	8,089
Kyambura Women's Coffee Cooperative	6,453	2,641
Community Garden	1,175	797
Kyambura Bee Keeping	15,308	-
Kyambura Wetland Project	2,837	2,424
Kyambura Community Centre	841	-
Kyambura Elephant Trench	24,628	-
Sundry expenses	13,022	3,779
Staff costs	72,989	64,203
Transport and telephone expenses	2,470	1,728
	160,858	88,819

VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. PROJECT EXPENSES (CONTINUED)

7.3. MGAHINGA PROJECT EXPENSES

	2017 Ushs'000	2016 Ushs'000
Batwa Dance Performance	2,990	3,385
Batwa Culture Heritage Experience	806	951
Batwa Vocational Centre & Agriculture	3,173	3,582
Batwa Resettlement	62,171	-
Sundry expenses	26,946	490
Staff costs	7,852	15,557
Transport & telephone expenses	1,463	1,721
	<u>105,401</u>	<u>25,686</u>

7.4. VIRUNGA PROJECT EXPENSES

Intore Dance Troupe	12,659	13,711
Mwiko School	-	417
Virunga Sheep Projects	1,042	368
Virunga crafts	87	3,584
Lodge sundry expenses	-	583
Virunga plastic tank projects	3,683	8,885
Staff costs	161	35
Transport & telephone expenses	122	1,541
	<u>17,754</u>	<u>29,124</u>

8. ADMINISTRATIVE EXPENSES

Volcanoes Safaris Limited support staff**	30,169	17,839
Staff welfare	-	10
Transport	-	1,449
Internet & email	-	1,458
Bank transaction fees	5,348	3,896
Printing, posting & stationery	276	-
Training	1,481	-
Consultancy	600	-
Audit fees	13,515	10,691
Net foreign exchange losses	3,033	-
	<u>54,422</u>	<u>35,343</u>

**Volcanoes Safaris Limited charges 10% of project expenses to the Trust for provision of secretarial, managerial and accounting support including staff time.

VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. ESTABLISHMENT EXPENSES	2017 Ushs'000	2016 Ushs'000
Insurance	2,244	3,575
Depreciation Expenses	9,104	9,169
Expenses-Write Offs	-	(648)
Repairs & Maintenance	-	61
	<u>11,348</u>	<u>12,157</u>

10. PROFIT BEFORE TAX

Profit before tax is stated after charging:

Depreciation	9,104	9,169
Audit fees	13,515	10,691
Net foreign exchange losses	<u>3,033</u>	<u>-</u>

VOLCANOES SAFARIS PARTNERSHIP TRUST
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY AND EQUIPMENT

	Freehold Land Ushs'000	Buildings Ushs'000	Furniture fittings & equipment Ushs'000	Computer equipment Ushs'000	Total Ushs'000
Cost					
At 01 January 2016	849,928	46,714	24,546	3,384	924,572
Additions	24,399	-	4,380	-	28,779
At 31 December 2016	<u>874,327</u>	<u>46,714</u>	<u>28,926</u>	<u>3,384</u>	<u>953,351</u>
Additions	82,720	-	3,680	-	86,400
At 31 December 2017	<u>957,047</u>	<u>46,714</u>	<u>32,606</u>	<u>3,384</u>	<u>1,039,751</u>
Depreciation					
At 01 January 2016	-	1,626	7,390	1,963	10,979
Charge for the year	-	2,336	6,037	796	9,169
At 31 December 2016	<u>-</u>	<u>3,962</u>	<u>13,427</u>	<u>2,759</u>	<u>20,148</u>
Charge for the year	-	2,336	6,143	625	9,104
At 31 December 2017	<u>-</u>	<u>6,298</u>	<u>19,570</u>	<u>3,384</u>	<u>29,252</u>
Net carrying amount					
As at 31 December 2017	<u>957,047</u>	<u>40,416</u>	<u>13,036</u>	<u>-</u>	<u>1,010,499</u>
As at 31 December 2016	<u>874,327</u>	<u>42,752</u>	<u>15,499</u>	<u>625</u>	<u>933,203</u>

VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2017 Ushs'000	2016 Ushs'000
12. TRADE AND OTHER RECEIVABLES		
Prepayments	3,769	3,732
Other receivables	5,332	4,236
	<u>9,101</u>	<u>7,968</u>
13. CASH AND BANK BALANCES		
Cash in hand	11,146	4,064
Cash at bank	65,042	18,591
	<u>76,188</u>	<u>22,655</u>
For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above.		
14. RELATED PARTY BALANCES		
	2017 Ushs'000	2016 Ushs'000
Receivables from related parties		
Volcanoes Safaris Limited*	39,101	72,695
Volcanoes UK**	146,832	145,920
	<u>185,933</u>	<u>218,615</u>
	2017 Ushs'000	2015 Ushs'000
15. TRADE AND OTHER PAYABLES		
Due to related parties(Volcanoes Rwanda)***	5,480	-
Accruals	16,283	16,013
Other payables	4,231	4,388
	<u>25,994</u>	<u>20,401</u>

* Receivables from Volcanoes Safaris Limited relate to receivables relating to donations of USD 100 for every full cost safari purchased in Volcanoes Safaris Limited. A full cost safari is one where the client is offered no discount other than commercial commissions payable to the tour operator company.

** Receivables from Volcanoes UK relate to receivables from customers that pay directly to the UK office and funds are awaiting transfer from the UK office to the Uganda office.

***Payables to Volcanoes Rwanda relate to expenses incurred on behalf of Volcanoes Safaris Partnership Trust relating to the Virunga lodge in Rwanda.

VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk consists mainly of bank deposits, amounts due from related parties and other receivables. The trust only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Capital management

The Trust's objectives when managing capital are to safeguard the trust's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the trust consists of cash and bank balances and equity as disclosed in the statement of financial position. There are no externally imposed capital requirements.

	2017 Ushs'000	2016 Ushs'000
Trade and other payables	20,514	20,401
Less: Cash and bank balances	<u>(76,188)</u>	<u>(22,655)</u>
Net debt	<u>(55,674)</u>	<u>(2,254)</u>
Equity	<u>1,255,727</u>	<u>1,162,040</u>
Capital and net debt	<u>1,200,053</u>	<u>1,159,786</u>
Gearing ratio	<u>(4.64%)</u>	<u>(0.19%)</u>

Financial risk management

The Trust's activities expose it to the financial risks of credit risk and liquidity risk. The trust has no significant exposure to market risk as it has no interest bearing financial instruments and most of its transactions are denominated in Ushs which is also the reporting currency.

The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Trust's financial performance. Risk management is carried out by management under policies approved by the Board of Trustees.

Liquidity risk

The Trust manages liquidity risk through an ongoing review of future commitments and credit facilities. As of 31 December 2017, the Trust's financial liabilities consisted of trade and other payables which were all due within one year.

Foreign currency risk

The Trust's exposure to foreign exchange movements relates to the Trust's expenditure and income denominated in foreign currency. The Trust mitigates this exposure by maintaining the corresponding equivalent in the same foreign currency, and maintaining foreign currency amounts in bank accounts.

The Trust does not use derivative financial instruments for its management of foreign currency. Derivative financial instruments are not held or used for trading purposes. As at 31 December 2017, the trust's balances in foreign currency consisted of the following;

**VOLCANOES SAFARIS PARTNERSHIP TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign Currency Risk (continued)

	2017 Ushs'000	2016 Ushs'000
Cash and bank	64,120	15,869
Amounts due from related parties	<u>146,832</u>	<u>145,921</u>
	<u>210,952</u>	<u>161,790</u>
Trade and other payables	<u>13,515</u>	<u>10,691</u>
	<u>13,515</u>	<u>10,691</u>
Net foreign exchange gap	<u>197,437</u>	<u>151,099</u>

17. COMMITMENTS AND CONTINGENCIES

The Trust did not have any commitments or contingencies as at 31 December 2017 (2016: Nil).

18. INCOME TAX EXEMPTION

According to the Income Tax Act, Cap 340, under section 2(bb) and Practice Note Number URA/IT/PN 3/06, Volcanoes Safaris Partnership Trust may qualify as an exempt entity. The organisation's tax exemption certificate from Uganda Revenue Authority (URA) which expired on 31 December 2014, has since not been renewed and no liability due to Uganda Revenue Authority has been included in the financial statements for the year ended 31 December 2017 because management is confident that they will obtain a tax exemption certificate from URA and no tax liability will accrue to the organisation.

Management has commenced the process to obtain the tax exemption certificate. An application for tax exemption was sent through to Uganda Revenue Authority and response obtained from URA in May 2017. Management is still in touch with URA to close out the outstanding information in order for the tax exemption application to be completed.

19. EVENTS AFTER THE REPORTING PERIOD

The Trustees are not aware of any events after the reporting date that require adjustment of or disclosure in the financial statements.