



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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ACRONYMS

SNV	-	Netherlands Development Organisation
TIDE	-	The Inclusive Dairy Enterprise
Ushs	-	Ugandan Shillings
DDA	-	Dairy Development Authority

1.0 CORPORATE INFORMATION

1.1 PRINCIPLE PLACE OF BUSINESS

SNV TIDE Project Offices Mbarara
Plot 10, Haji Kasaka Rd
Kamukuzi, Mbarara
P.O. Box 37748, Kampala

1.2 DIRECTORS

1. Prof Remco Kort	Chairman
2. Nieke Westerik	Secretary
3. Alex Paul Wacoo	Treasurer
4. Dr. Wilber Sybesma	Member
5. Susan Atyang	Member

1.3 BANKERS

DFCU Bank
Kyambogo Branch
P. O. Box 70
Kampala

1.4 AUDITORS

Nnawuba & Associates
Certified Public Accountants
P. O. Box 14066, Mengo
Tel no. +256 789527678/ 0776503613
Email: info@nnawuba.com

2.0 DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 2018 which disclose the state of affairs of Yoba for Life Foundation ("the company").

2.1 PRINCIPAL ACTIVITIES

The principal activity of the company is to empower resource poor communities through the production of probiotic yoghurt.

2.2 RESULTS

The results of the company for the period are shown in the statement of comprehensive income on page 15 and the statement of financial position on page 16.

2.3 DIRECTORS

The names of directors who held office to the date of this report are shown on page 4.

In accordance with the Company's Articles of Association, no director is due for retirement by rotation.

2.4 AUDITORS

The Auditors, Nnawuba and Associates, being eligible for re-appointment have expressed their willingness to continue in office in accordance with Section 167 (2) of the Companies' Act 2012 ("The Companies Act of Uganda").

2.5 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the directors at a meeting held on04/04/2020.

By Order of the Board



SECRETARY
KAMPALA

...04/04/2020

3.0 CHAIRMAN'S REPORT

3.1 Introduction

In June 2016, Yoba for Life and SNV/TIDE project signed a MoU which formalized the inclusion of Yoba probiotic yoghurt related activities under the SNV/TIDE project. Between 2016 and 2019, different activities were piloted, until in 2018 the final focus of the collaboration became on promoting probiotic yoghurt at pre-primary institutions, and giving (investment) support to existing Yoba yoghurt producers in order to upgrade both the quality as well as the quantity of their production. This report provides a summary of the activities conducted in 2019 by Yoba for Life under SNV/TIDE, as well as the results obtained.

3.2 Supporting and expanding production

3.2.1 Expansion in production

During 2019, the number of yoghurt producers which demanded the support of Yoba in the TIDE districts increased from 32 to 41, whereas the cumulative weekly production volumes grew from 10,020 litres per week to 13,300 litres per week (the production in the country currently stands at 40,300 ltr/week). This signifies a growth of 30%, which is attributed to new producers requesting for Yoba's support (most of them starting small) as well as an increase of production volumes as a result of the pre-primary probiotic program. From the total yoghurt produced in the region, approximately equal proportions are sold in Kampala, Mbarara town and outskirts, and rural areas. On average, producers obtain a profit margin of 1.500 UGX per liter yoghurt sold. This shows that yoghurt production is business that can sustain and expand itself without continued outside support, while adding value to milk and creating employment and income for business owners and hired workers. However, supporting people with the ambition to produce yoghurt, to do this according to good hygiene and good manufacturing practices, remains to be an important activity in order to ensure consumer safety as well as mitigation of spoilages and associated losses for entrepreneurs.

3.2.2 Investment support

The matching grand program did not continue in 2019, instead producers could take out a loan from their local SACCOs, for the purpose of upgrading their production units. SNV bought down the interest from 36% to 12% per annum. Three producers applied for a total of 64 million Uganda Shilling in loans. These loans were used for construction (still ongoing) and the purchase of fridges, milk cans, ice box and motor cycle. As the loans were received towards the last quarter of 2019, the impact cannot be assessed yet.

3.2.3 Quality and certification

Beginning 2019, it became obligatory for every packed and marketed product in Uganda, to be certified by the Uganda National Bureau of Standards (UNBS). Even though enforcement of this law by UNBS currently limited to monitoring of foods sold in large supermarkets in Kampala, the increased awareness in the general public including shop owners, school directors and local government officials, impaired the market opportunities of non-certified products. It is desirable that products undergo this certification process with an eye on consumer safety and that the general population is aware of the importance of certification. However, the practical issues concerned with certification are very challenging, for yoghurt producers as well as for any other small or medium scale food processing enterprise. The standards which UNBS upholds are high, as they will allow the product to be sold across the East African region and beyond.

Besides, the costs to get prepared for audit, and the fees of the certification procedure itself, are disproportionately (if not impossibly) high relative to the annual profits of small- and medium enterprises.

Yoba sought support from SNV, Heifer International and Agriprofocus to raise these challenges in a meeting with the deputy director of UNBS. Unfortunately, UNBS was not found willing to develop a viable solution for these SMEs. Therefore, Yoba has sought further collaboration with UNBS staff at ground level to support Yoba yoghurt producers to be certified. More insight has been gained in what is required, but no Yoba yoghurt producer has been able to achieve certification by the close of 2019. This will continue to be the focus of activities in 2020.

Collaboration with the Dairy Development Authority (DDA) remained strong and positive. DDA conducted two rounds of monitoring and sampling of Yoba yoghurt producers, and noted a general increase in professionalism of yoghurt producers, as well as a better quality according the microbial analysis as compared to samples taken in 2018.

3.3 Pre-primary probiotic yoghurt program

3.3.1 Locally produced probiotic yoghurt for pre-primary schools

In 2019 the pre-primary probiotic program continued all TIDE districts, based on the promising start that the program had made in 2018. Implementation of the program was done by six field officers, a production coordinator and a finance officer. The field officers move from school to school, promoting the consumption of 125ml of packed probiotic yoghurt twice per week among pre-primary children at a cost of 12,000 UGX per term. Probiotic yoghurt keeps the child's body strong and fit, reduces allergies and skin rash, reduces cough and flue, and reduces constipation as well as diarrhea. Overall benefit is that this can lead to increased performance in class and reduced absenteeism due to sickness. The field officers build a relationship with the school management, and subsequently disseminate the information to the parents via the school circulars and parents' meetings. Schools that take up the program receive branded T-shirts for the teachers, and branded dustbins for disposing off the empty packages. The image and credibility of the program was boosted by radio advertisements on local radio stations in the regions, as well as a repeated newspaper advertisement in Orumuri, the most popular newspaper in Runyankore language.

A special focus in 2019 was on collaboration with Child Development Centres (CDCs) as supported by the NGO Compassion in collaboration with the Church of Uganda. These centres receive donor funds to provide a special program to disadvantaged children on Saturdays. It was easy for these centres to redirect part of the food budget to the purchase of Yoba probiotic yoghurt. Over 4,500 who attend these centres now consume yoghurt on Saturdays.

By the close of the last school term of 2019, a total of approximately 20,000 pre-primary children and 3,500 primary children were consuming probiotic yoghurt in TIDE area on weekly basis (table 1). In addition, during the second term the capacity of competent Yoba yoghurt producers in Kampala was built to market their own yoghurt in schools, according to the concept that was designed and tested under TIDE. This resulted to 500 children adopting the program in the last term in Kampala, while in many other Kampala-based schools the producers were selling over 4000 packets per week through the school canteens.

	Bushen yi	Isingir o	Kiruhu ra	Lyanton de	Mbara ra	Ntunga mo	Sheem a	TOTAL
Pre-primary children consuming yoghurt	4,033	1,441	1,732	668	6,906	2,825	2,484	20,089
Enrolment in pre-primary under PPPP	5,650	4,067	2,442	1,302	12,624	3,641	2,824	32,550
Total district enrolment in Pre-primary (est)	12384	14309	20564	5265	25205	25250	11102	114,080
Perc pre-primary enrolm taking yoghurt	71%	35%	71%	51%	55%	78%	88%	62%
Perc of children in district taking yoghurt	33%	10%	8%	13%	27%	11%	22%	18%
Primary children consuming yoghurt	582	815	160	162	623	643	524	3,509

As pre-primary institutions are not regulated by the ministry of education, official collaboration with the government was not as strong as in the school milk program. However, in all districts of operation, the relevant government officials were kept informed of the operations of the Yoba team at all times. As in 2020 the yoghurt program will be extended to primary schools and secondary schools, stronger engagement with the government will be pursued through inclusion of the Yoba team in the national and district school feeding task forces, among others.



3.3.2 Industrially made probiotic school yoghurt for impact at scale

In the second half of 2019, dialogue with the industrial yoghurt producer Vital Tomosis, under the brand name 'Milkman', was initiated. Milkman was immediately enthusiastic about promoting yoghurt in schools, but was concerned about the regulations in Uganda surrounding probiotic products, which may not allow him to claim any special health benefit of the product. This has been tabled on the agenda of Yoba for Life in 2020. At the close of 2019, the first Kampala-based school with 4000 pupils was sampled with Yoba yoghurt as produced by Milkman. Regular consumption of the product will start when the school opens in 2020. This forms the start of a Milkman/Yoba probiotic school yoghurt program in Kampala, which has the potential to create impact at scale within a short time.

The exponential growth of the school yoghurt program, and the prospects of working with industrial scale yoghurt producers for impact at scale, prompt continuation of the program in the coming years for much bigger impacts.

1. Internship program

In 2019, Yoba for Life hosted an intern who had finished a bachelor degree in Food Technology, and wished to gain work experience in developing countries. One of the main achievements during his internship were to spread the concept of school yoghurt in Kampala through small scale producers, but also to create linkages with established dairy processor Milkman, as well as to create an opportunity to present the pre-primary probiotic program at the ministry of education. Javier's internship closed with a trip to Ivory Coast, where he took the next steps in setting up a local producer's network in the rural areas around San Pedro (following a previous visit of Nieke).

2. Participation in conferences, exhibitions and network activities

Nieke was invited as a speaker and panellist at the **Women in Agriculture Conference**, which was attended by hon. Persis Namuganza, Ministry of Lands, among others. Nieke was able to bring in the unique angle of non-farm rural income through value addition, while also emphasising policy constraints that limited rural women in these activities. Secondly, Nieke was invited as a speaker at the **Planetary Health Conference** in Detroit, USA. She presented under the topic "Improving Health and Wealth by the introduction of an affordable bacterial starter culture for probiotic yoghurt production in Uganda", which was very positively received. Yoba for Life exhibited at the **nutrition multi-stakeholder dialogue** on "Trade for improved Food & Nutrition security in Uganda: The role of MSMEs in the agri-food industry/sector" as organized by the ministry of Trade. The Dutch Ambassador in his speech acknowledged Yoba as a good of example of stimulating nutritious MSMEs. Finally, Nieke Westerik represented Yoba for Life at the **ESADA African Dairy Conference** in Nairobi, which was interesting in many ways.

- It was noticed that there was a strongly increasing interest in probiotics in East Africa. There were probiotic yoghurt products on the Kenyan market. World's largest starter culture producers, Chr. Hansen, laid a strong focus on probiotics and even organized a seminar about the same. Dialogue took place with Chr. Hansen, to get more competitor insights.
- Secondly, it was noticed that Yoba culture was gaining traction. Nieke was approached by several people who were working with Yoba, that she wasn't aware off. For example, a staff member of the Kenyan Industrial Research Institute, a Kenyan trader who bought Yoba from Uganda and sold

it to Burundi, and an agent who sold starter cultures from Danisco, but had advised Danisco to make cultures in 'Yoba packaging size'.

- Thirdly, the exhibition allowed Nieke to interact with many input suppliers of equipment's, ingredients and packaging materials that are interesting for yoghurt producers.
- Lastly, Nieke interacted with different NGO's that run projects in the dairy sector, and showed interest in collaborating with Yoba. These included Agritererra Kenya, Solidaridad and GIZ German Cooperation.

During the year, important visitors visited typical Yoba cottage production units and schools consuming yoghurt. These visitors included Beatrice Okello, **senior program manager FAO** (interested in school feeding), Henk Jan Bakker, **the Dutch ambassador** (donor of TIDE project), and the **SNV global nutrition team**.

Probiotic yoghurt was exhibited and promoted during the **Harvest Money Show** in Kampala, celebrations of the **international day of school feeding** in Ntungamo, **June Dairy Month** Celebrations in Lyantonde, **TOTO kids festival** in Mbarara (2x), **UMA show** in Kampala and **Omwekambi** show in Mbarara. These occasions created awareness on probiotic yoghurt among children and their parents as well as on the specific brand and product of the producers and boosted the sales of their product. On some occasions, Yoba yoghurt was sponsored as contribution to the event.

3. Health Impact monitoring exercise

To study the effects of the consumption of Yoba probiotic yoghurt, a double-blinded placebo-controlled interrupted time series study was conducted at Paragon primary and nursery school in Sheema district. A total of 195 children from three to six years old (probiotic yoghurt n = 100, placebo dairy product n = 95) were assessed on daily basis with regards to incidences of common cold and skin disease during three weeks of baseline and eight weeks of intervention. The study showed a reduction in the incidence of common cold over time (P-value of slope = 0.0032) and showed a trend for a reduction in the incidence of skin conditions (P-value of slope = 0.2950) for the probiotic yoghurt group versus the placebo group. We found that children lose weight (eat less, eat less nutritious, or spend more energy) when they are at school compared to when they are at home during the holidays. Hence, young school going children in Southwest Uganda have a deficit calorie intake, emphasizing the importance of school milk and school yoghurt programs. Saliva, stool and urine samples were collected at baseline and end line, but these samples are still pending analysis. In conclusion, this study has shown that the consumption of Yoba yoghurt decreases the incidence of common cold, and is indicative of a reduction in skin diseases.

Remco Kort, 24/06/2020


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Chairman, Board of Directors

4.0 STATEMENT OF DIRECTORS RESPONSIBILITY

The Companies Act (1,2012), laws of Uganda requires the directors to prepare financial statements for each financial year, which 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 operating results for that year. It also requires the directors to ensure the company keeps proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are ultimately responsible for the internal control. The directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent basis and using the going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the annual financial statements, 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 Companies Act of Uganda). 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 operating results. The directors further accept responsibility for the maintenance of accounting records, which 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 directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of Directors on.....04/04/2020 and signed on its behalf by:


.....
Chairman


.....
Member



5.0 REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF YOBA FOR LIFE FOUNDATION BOARD

Opinion

We have audited the financial statements of the Yoba for Life Foundation, which are presented in pages 15 to 18 and comprise the statement of financial position as at 31 December 2019, and the statements of comprehensive income and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Yoba for Life Foundation as at 31 December 2019, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards.

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 Yoba for Life Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other information

Management is responsible for the other information. The other information comprises the Chairman's Report. 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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and with such internal controls. Management determines 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 management is responsible for assessing the ability of Yoba for Life Foundation 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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the financial reporting process of Yoba for Life Foundation.

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 judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Yoba for Life Foundation.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF YOBA FOR LIFE FOUNDATION BOARD
[cont'd]**

Related to events or conditions that may cast significant doubt on the ability of Yoba for Life Foundation 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 Yoba for Life Foundation 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 a true and fair view.

We communicate with the management 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.

Report on Other Legal Requirements

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by Yoba for Life Foundation, so far as appears from our examination of these books.
- The financial statements are in agreement with the books of account.

Other Matter

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Accounts Laws of 2009 to 2016 and for no other purpose.

We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement accountant responsible for the audit resulting in this independent auditor's report is CPA Stephen Nnawuba-P0266.


Nnawuba & Associates
Certified Public Accountants
P.O. Box 3258
Kampala, Uganda



Date: 06/05/2020

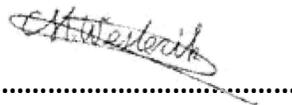
6.0 STATEMENT OF COMPREHENSIVE INCOME

		2019	2018
	Notes	UGX	UGX
Grant Income	11.1	236,754,366	496,892,937
Disbursement to communities	11.3	-	- 223,788,982
Grant Income for Operations		236,754,366	273,103,955
Other Income	11.2	196,839	1,138,133
Funds available for Operations		236,951,205	274,242,088
Operational Expenses	11.4	278,749,637	216,519,365
Financial Costs	11.5	335,709	- 591,352
Total Expenses		279,085,346	217,110,717
Operational Surplus/ (deficit)		(42,134,141)	57,131,371

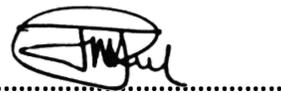
7.0 STATEMENT OF FINANCIAL POSITION

		2019	2018
	Notes	UGX	UGX
ASSETS			
Current Assets			
Cash and Cash Equivalents	11.8	17,076,930	58,961,071
TOTAL		17,076,930	58,961,071
FUNDS AND LIABILITIES			
Retained Earnings	11.7	15,326,930	57,461,071
Liabilities			
Creditors and Accruals	11.6	1,750,000	1,500,000
TOTAL		17,076,930	58,961,071

The financial statements on pages 17 to 20 were approved by the Board of Directors on.....04/04/2020 and signed on its behalf by: -



Secretary



Member

The notes from page 19 to 24 form an integral part of the financial statements

8.0 STATEMENT OF CASH FLOWS

	2019	2018
	UGX	UGX
Cash flow from Operating Activities		
Surplus/ Deficit for the year	(42,134,141)	57,131,371
Trade and other Payables	250,000	1,500,000
Net cash generated from Operating Activities	(41,884,141)	58,631,371
Cash flow from Financing Activities	-	-
Net Cash flow from Financing Activities	-	-
Net Increase/ decrease in cash and cash equivalents	(41,884,141)	58,631,371
Movement in Cash and Cash Equivalent		
As at Start of the year	58,961,071	329,700
Net Increase in cash and cash equivalent	(41,884,141)	58,631,371
As at end of the year	17,076,930	58,961,071

9.0 STATEMENT OF CHANGES IN EQUITY

	Ushs
As at 01.01.2018	329,700
Surplus for the year	57,131,371
As at 31.12.2018	57,461,071
As at 01.01.2019	57,461,071
Deficit for the year	(42,134,141)
As at 31.12.2019	15,326,930

10.0 SIGNIFICANT ACCOUNTING POLICIES

10.1 Status of the Accounting Entity

Yoba for Life Foundation is a company limited by guarantee that was incorporated with limited liability on the 9th of May 2018 located at the SNV – TIDE Project Office on Plot 10 Haji Kasaku Road, Mbarara. It is engaged in the promotion of local production of probiotic yoghurt in resource poor communities.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied.

10.2 Basis of Preparation

The financial statements of Yoba for Life Foundation have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) with early adoption of the 2015 amendments to the standard.

The financial statements have been prepared under the historical cost convention

The financial statements comply with the requirements of the Ugandan Companies Act, 2012. The statement of profit or loss and retained earnings represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act

10.2.1 Revenue Recognition

Contributions were recorded as revenue in the period in which they are received or the period in which a pledge is received. Any pledges receivable are closely reviewed each month to determine whether the amount is still collectible and whether the balance of the pledges receivable is adequately reserved with the allowance for doubtful pledges.

Grants which are classified as exchange transactions with the grantor will be recognized as revenue when the grant money is earned. This will generally be determined by the costs reportable to the grantor. Each restricted grant will be set up as a separate cost center to allow for accurate and consistent recording of the expenses of each grant.

Grant Income

The company received Grants of UGX 163 million from SNV and UGX 73.6 million from YOBA (NL) which were to be used in financing the company's activities as per the Acceleration Plan. A total of UGX 279 million was utilized in the business, leaving a balance of UGX 15.3 million as retained earnings as at 31 December 2019.

10.2.2 Translation of Foreign Currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings (functional currency) at rates ruling at the transaction dates. 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 statement of profit or loss in the year in which they arise.

10.2.3 Property, Plant and Equipment

An inventory of all property and equipment will be maintained. The inventory document will contain sufficient information for insurance and grant requirements.

10.2.3 Fixed Assets and Depreciation

The general capitalization policy is that all equipment and other fixed assets costing in excess of Ugx 1.000.000 will be recorded as an asset. To determine if a repair or improvement will need to be capitalized, the following additional factor needs to be considered: does the expenditure extend the useful life of the asset repaired or improved? if the value was in excess of Ugx 1.000.000

All capital assets will be depreciated over their estimated useful lives. The straight line basis will be used, with depreciation charged beginning in the month that the asset is placed in service. Some sample estimated lives are:

Computers and related equipment	33.3%
Office furniture	20%
Building and building improvements	2.5%
Parking lot and landscaping	10%

All capital assets purchased with grant or other restricted funds will be cataloged.

10.2.4 Donated Materials and Services

Generally donated materials, assets and services will not be recorded in the accounting records. Any donated assets which would meet the definition to be capitalized, will be recorded as revenue and as a fixed asset.

10.2.5 Cash and Cash Equivalentents

For the purposes of the cash flow statement, cash and cash equivalentents comprise cash in hand, deposits held at call with banks and financial assets with maturities of less than 91 days, net of bank overdrafts, money market lines and restricted cash balances.

Restricted cash balances are those balances that the Company cannot use for working capital purposes as they have been placed as a lien to secure borrowings.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

10.2.6 Current Tax and Deferred Tax Income

The tax expense for the year comprises current and deferred tax. Tax is recognised in comprehensive income or in equity, except to the extent that it relates to items recognised in equity. In this case, the tax is also recognised in other comprehensive income and equity.

The current income tax charge is calculated on the basis of tax rates and the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences (other than temporary differences) associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition of goodwill arising between the tax bases of assets and liabilities and their carrying amounts in the financial

statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized.

10.2.7 Financial Audit

The Accountant will contact the independent accountants as soon as the country coordinator signs the audit engagement letter to begin planning the scheduling and work needed to complete the audit. The Accountant will ensure that adequate space is provided for the independent accountants to work in our offices. This would include one or more large tables, space to keep our records provided to the independent accountants, light and electrical outlets.

10.2.8 Debt

Board approval is required for incurring any debt of Yoba for Life Foundation other than operating trade payables and budgeted payroll payables. The Country coordinator will be authorized to negotiate such debt as needed by the Board of Directors.

Any loan covenants and restrictions will be reported to the Board when the debt is authorized. The Accountant will periodically review these covenants and report to the country coordinator if there are any violations or potential violations of the covenants.

10.2.9 Reserves and Designated Funds

Yoba for Life Foundation will build and maintain an operating reserve to assist in maintaining financial stability. The target for the operating reserve will be six months of general operating expenses. This will be a cash reserve held separately from other funds of Yoba for Life Foundation. The reserve may be invested consistent with the investment policy of Yoba for Life Foundation. Any income of the reserve fund will stay in the reserve fund.

The Board of Directors may designate portions of the net assets of Yoba for life Foundation for specific purposes.

10.2.10 Compliance

In order to continue receiving government grants and restricted donations, Yoba for Life Foundation must have systems in place to ensure compliance with the restrictions imposed by those grants and restricted donations.

The Accountant is designated as Yoba for Life Foundation's compliance officer and will be responsible for overseeing the compliance with all applicable grant restrictions.

The country coordinator will be responsible for communicating the nature of all donor restrictions to the Accountant. This information will be used to ensure that the General Ledger restricted donations account will reflect the restricted donations and the spending of those restricted amounts, as appropriate.

11.0 NOTES TO THE FINANCIAL STATEMENTS

11.1 Revenue

	2019	2018
	Ushs	Ushs
Revenue		
Grant from SNV	163,070,050	439,817,782
Grant from YOBA	73,684,316	57,075,155
Total	236,754,366	496,892,937

11.2 Other Operating Income

	2019	2018
	Ushs	Ushs
Sale of packaging material		612,500
Sale of Electronic tablets to staff	-	420,000
Interest Income (DFCU)	196,839	105,633
	196,839	1,138,133

11.3 Direct Costs

	2019	2018
	Ushs	Ushs
Polythene bags	-	2,369,000
25%/50% grant towards upgrading yoghurt production machine	-	221,419,982
	-	223,788,982

11.4 Operational Expenses

	2019	2018
	Ushs	Ushs
Field Consultancy fee	117,428,000	67,397,960
Field expenditure (travel and airtime)	75,479,910	51,993,100
IEC Material	7,297,200	2,802,900
Snacks team meetings	858,500	31,300
Stationery	-	349,800
T-shirt design	-	35,000
Branded T-shirts	4,500,000	5,550,000
Branded dustbins	2,320,000	1,800,000
Yoghurt sampling/ Sample subsidy	11,026,530	7,945,050
District Meetings	1,795,000	7,106,000
Yoba stamp	-	110,000
Car hire for team outing	-	80,000
Christmas shopping vouchers	-	450,000
End of year team outing	-	254,000
Grants to schools	5,500,000	6,480,000
Staff training in yoghurt	-	812,100
Study expenditure	37,980,497	61,822,155
Provision for Audit	1,750,000	1,500,000
Workshop	6,100,000	-
Advertising	6,500,000	-
Replacement old Yoba culture	214,000	-
Total	278,749,637	216,519,365

11.5 Finance Costs

	2019	2018
	Ushs	Ushs
Bank charges	335,709	591,352
Total	335,709	591,352

11.6 Creditors and Prepayments

	2019	2018
	Ushs	Ushs
Audit fees payable	1,750,000	1,500,000
Total	1,750,000	1,500,000

11.7 Retained Earnings

	2019	2018
	Ushs	Ushs
Balance brought forward	57,461,071	
Income	236,951,205	498,360,770
Less: Expenditure	(279,085,346)	(440,899,699)
Total	15,326,930	57,461,071

11.8 Cash and Cash Equivalentents

	2019	2018
	Ushs	Ushs
Cash at bank	17,076,930	58,961,071
Cash at hand	-	-
Total	17,076,930	58,961,071

11.9 Tax

	2019	2018
	Ushs	Ushs
Current tax	-	-
Deferred tax	-	-
Total	-	-