

YOBA FOR LIFE FOUNDATION

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Table of Contents

ACRONYMS	3
1.0 CORPORATE INFORMATION	4
2.0 DIRECTORS' REPORT	5
3.0 CHAIRMAN'S REPORT	6
4.0 STATEMENT OF DIRECTORS RESPONSIBILITY	3
5.0 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YOBA FOR LIFE FOUNDATION	4
6.0 STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2020	7
7.0 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020	8
8.0 STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020	9
9.0 STATEMENT OF CASH FLOWS	10
10.0 SIGNIFICANT ACCOUNTING POLICIES	11
11.0 NOTES TO THE FINANCIAL STATEMENTS	14

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, Kampala
Tel no. +256 393 236705/ 0755 000864
Email: info@nnawuba.com

2.0 DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 2020 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 12 and the statement of financial position on page 13.

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 on2021.

By Order of the Board

SECRETARY
KAMPALA

3.0 CHAIRMAN'S REPORT

Introduction

In 2016, the Yoba for Life Foundation became a partner in the Inclusive Dairy Enterprise (TIDE I) project. The Inclusive Dairy Enterprise (TIDE) project is a four-year programme funded by the Embassy of the Kingdom of the Netherlands and implemented by SNV. Under TIDE I the Yoba for Life foundation implemented activities around the small- and medium scale production of probiotic yoghurt in Southwest Uganda. In the second half of the TIDE I project, the Yoba for Life foundation focused on the introduction of probiotic yoghurt in pre-primary schools. During TIDE I, the Yoba yoghurt production raised from 12 producers making 1,580 litres per week, to 41 producers making a total of 13,300 litres per week in the seven TIDE districts. The total number of children on the school yoghurt program at the closure of TIDE I included 23,600 children in 151 Schools. At the start of 2020, the Yoba for Life foundation and SNV signed an agreement for continued partnership in the TIDE II project. The focus of the activities of Yoba for Life during TIDE II remains on the school yoghurt program, while also probiotic yoghurt producers will continue to receive support towards professionalization. Due to the unexpected COVID-19 pandemic in 2020 and the associated closure of schools for most of the year, an amended work plan was executed, including the support of 37 producers on business plan development, and assistance of nine producers for the acquisition of certification from the Uganda National Bureau of Standards (UNBS).

The impact of the Covid-19 PANDEMIC

The outbreak of COVID-19 pandemic and the associated strict lockdown which was announced by the end of March greatly affected the activities of the Yoba for Life foundation in Uganda. The demand for probiotic yoghurt Yoba yoghurt decreased as all schools in the country closed from March onwards, and activity in towns and trading centres (the hotspots for yoghurt sales) slowed down significantly. The supply of probiotic yoghurt was affected as well, as producers faced difficulties in accessing the raw materials for yoghurt production, and were limited in distributing their products to the market.

With the exception of candidate classes, schools remained closed for the remainder of the year. Hence no results on the school yoghurt program can be reported.

At the start of the lockdown, the yoghurt production levels dropped to 23% of the normal production level in the TIDE area of 13,300 litres per week, and to 22% of the 40,300 litres per week which used to be produced country wide before the lockdown. However, in December 2020, these volumes had bounced back to 11,060 litres per week or 83% of the production volume in TIDE area before COVID-19. The natural process of adjusting business practices to the new situation, such as an increased emphasis on home deliveries, was catalysed by Yoba's support on business planning and innovative marketing, and Yoba yoghurt advertisement through a cartoon spot-advert which was played on TV West.

Support on UNBS certification

The majority of the budget which could not be used for the school yoghurt program in 2020, was channelled to support nine producers to obtain UNBS certification. The list of the producers and the costs they incurred to attain UNBS certification can be found in table 1. Producers who supplied to schools received priority. The support provided by the Yoba for Life foundation included:

- Legal registration support: Uganda Registration Services Bureau (URSB) registration, email address account set-up, online UNBS registration and application for certification, purchase of UNBS normative standards related to yoghurt production, Uganda Revenue Authority (URA) payment registration.
- Support on audit by UNBS: pre-audit checklist support, guide producers on answering technical questions, labelling improvement support, linkages to certified fumigation service providers, medial certificate processing support.
- Sampling and testing: support in sample preparation, sample delivery to UNBS, results follow-up, results interpretation to producers, writing a report of correction measures
- Development of quality monitoring tools: process flow chart, production process description, personal hygiene instructions, equipment cleaning instructions, market monitoring instructions.

By the end of 2020, eight producers had been audited and had implemented the audit recommendations. A first round of product testing had taken place. Seven of the producers had failed one of the six parameters that was tested for, and will re-test for these specific parameters in January 2021, before they are able to finalize the process of UNBS registration. Within a few months, we expect all nine producers to successfully obtain the certification.

The producers were supported with 60M, and invested an additional 17M themselves. The average cost of UNBS registration for one producer is 8.6M. This only covers the initial costs; the producers will need to pay an estimated 3M per year to maintain their certification. For producers with a minimum production of 500 l/week, this fee is high but can be afforded. UNBS certification will allow the producers to comply with the national law, and thus maintain and expand their position in the market. We foresee UNBS certification of an additional 25 producers in the coming three years in case of continued support.

Table 1 Breakdown of investments made by SNV/Yoba and the producers themselves towards UNBS certification

PU NAME	SNV support				Investment Producer				TOTAL
	Business Registration	UNBS audit, testing, sample delivery, purchase normative UNBS standards	Investment in premises & equipment including Standard equipment (thermometer,	TOTAL SNV	Investment in premises and equipment, incl. costs of adjusting labels and printing plates	Fumigation certificates, certificate of medical fitness for all workers	Cost associated with second sample submission (fees, transport, cost of sample)	TOTAL PRODUCER	
K-Yoba Probiotic Yoghurt	355,000	1,352,500	5,792,500	7,500,000	177,500	190,000	222,500	590,000	8,090,000
Nunu Probiotic Yoghurt		1,352,500	6,147,500	7,500,000	393,000	190,000	560,000	1,143,000	8,643,000
Tian Probiotic Yoghurt		1,352,500	6,147,500	7,500,000	202,500	250,000	205,000	657,500	8,157,500
Awa foods ltd			7,500,000	7,500,000	938,200	370,000	1,507,500	2,815,700	10,315,700
Abesigana Kashari DFCS		95,000	2,405,000	2,500,000	2,211,184	310,000	515,000	3,036,184	5,536,184
Bontao, Fine Yoghurt	355,000	1,685,000	5,460,000	7,500,000	3,064,000	310,000	415,000	3,789,000	11,289,000
BMJ probiotic yoghurt	355,000	1,020,000	6,125,000	7,500,000	3,089,000	190,000	80,000	3,359,000	10,859,000
Keshanana	355,000	1,352,500	5,792,500	7,500,000	217,500	190,000	250,000	657,500	8,157,500
Intercity		1,352,500	3,647,500	5,000,000	801,500	310,000	170,000	1,281,500	6,281,500
Total	1,420,000	9,562,500	49,017,500	60,000,000	11,094,384	2,310,000	3,925,000	17,329,384	77,329,384

Preparation of school yoghurt programs 2021

In the first school term of 2020, the industrial dairy processor Vital Tomosi (Milkman) in collaboration with Yoba supplied 365 children from one school in Kampala with probiotic yoghurt. This activity was halted when the schools closed in March. In November, a meeting took place between Yoba and Tomosi's Dairy in which both parties pledged to be committed to promote school yoghurt together. It was agreed upon that about 20 private schools in Kampala would be pursued to implement the yoghurt school feeding program in 2021. Schools were targeted that could fit the yoghurt within their current budget for nutrition, in order to avoid the need for additional payments from the parents for the school feeding program.

From November onwards, field officers went back to schools and a total of 463 schools were visited (380 in TIDE area and 83 in Kampala/Wakiso). The vast majority of schools which had been on the school yoghurt program before the COVID-19, pledged to resume the program when the schools will fully open again in February 2021. In addition, field officers visited the school milk Local Capacity Builders (LCBs) and district officials in their respective districts of operation to ensure alignment and good collaboration in the coming year.

Throughout Q4, a TV advert featuring bunny cartoons to promote the consumption of probiotic Yoba yoghurt at home was aired on TV-West. Field officers who moved to schools, noticed that there was much awareness in the community about the advert, which helped them to promote the program.

Business planning

A total of 37 producers (22 in the TIDE core area, 15 in Kampala/Wakiso) were supported to develop simple business plans including an action plan and a profitability calculation. The business plans have an internal objective of helping producers to understand their own business, and to develop a vision as well as concrete steps to expand and professionalize their business. The exercise was eye-opening for some producers (who often do not keep record books), and important conclusions were drawn about their business management. For example, some businesses had to look into cost reduction, while others had to look into which markets were profitable for them, and whether they were selling at a profit-generating price.

In 2019, Abesigana Kashari DFCS was the first TIDE-supported cooperative which was supported by the Yoba for Life foundation to venture into yoghurt production, and the cooperative commenced on the construction of an innovative mini processing plant. In 2020 the construction was completed, and Abesigana was supported in other aspects (staffing, inputs, technical knowledge) in order to launch their business in July 2020. One of the Yoba business coordinators visits Abesigana once per week to discuss progress against targets, provide additional marketing advice, and provide practical support in marketing. Due to these efforts, Abesigana is currently producing 250 l/week and supplies major supermarkets in Mbarara town, among others. Continued support will be needed in order to increase their production to at least 600 l/week and preferably 1000 l/week in order to generate attractive profits.

The Yoba team in Uganda

The current organigram of the Yoba for Life Foundation in Uganda can be found in Figure 1. From March 2020 onwards, the Yoba for Life Africa Coordinator Nieke Westerik has reduced physical presence in Uganda. The day-to-day management tasks have been handed over to the new Project Coordinator Arinda Nelson. The Finance & Admin officer Caroline Nathuwera has been given additional responsibilities. Comfort Rowena, District Project Coordinator located in Kampala, has been given an additional role and Monitoring and Evaluation, and will take lead in collecting data and report writing. The Africa Coordinator Nieke Westerik will continue to provide intensive back-up support to all Yoba team members, and will provide strategic direction to the activities undertaken by the team.

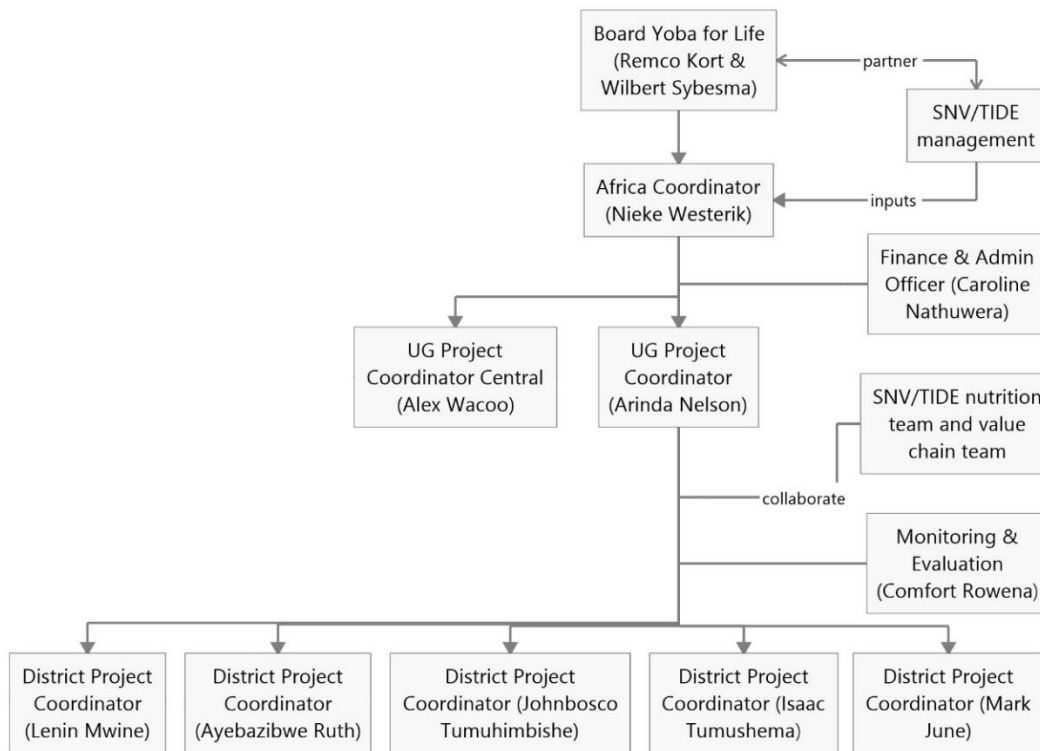


Figure 1 Organigram of the Yoba for Life team in Uganda

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Chairman, Board of Directors

4.0 STATEMENT OF DIRECTORS RESPONSIBILITY

The Companies Act (1,2012), laws of Uganda require 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.....2021 and signed on its behalf by:

.....
Chairman

.....
Member

5.0 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YOBA FOR LIFE FOUNDATION

Opinion

We have audited the financial statements of the Yoba for Life Foundation, which are presented in pages 12 to 20 and comprise the statement of financial position as at 31 December 2020, 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 2020, 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

Date: _____

6.0 STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2020

		2020	2019
	Notes	Ushs	Ushs
Grant Income	11.1	281,492,885	236,754,366
Grant for Operations		281,492,885	236,754,366
Other Income	11.2	7,309	196,839
Funds available for operations		281,500,194	236,951,205
Operational Expenses	11.3	(289,859,177)	(278,749,637)
Financial Costs	11.4	(387,025)	(335,709)
Total Expenses		(290,246,202)	(279,085,346)
Operational Deficit for the year		(8,746,008)	(42,134,141)

7.0 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 Ushs	2019 Ushs
ASSETS			
Current Assets			
Cash and Cash Equivalents	11.7	8,330,922	17,076,930
TOTAL		8,330,922	17,076,930
FUNDS AND LIABILITIES			
Retained Earnings	11.6	6,580,922	15,326,930
Creditors & Accrual	11.5	1,750,000	1,750,000
TOTAL		8,330,922	17,076,930

The financial statements on pages 10 to 13 were approved by the Board of Directors on _____ 2021 and signed on its behalf by: -

SECRETARY

The notes from page 17 to 19 form an integral part of the financial statements

MEMBER

8.0 STATEMENT OF CHANGES IN EQUITY

As at 01.01.2019	58,961,071
**Prior year adjustment Audit fees	-
Deficit for the year	(41,884,141)
	<u>17,076,930</u>
As at 01.01.2020	17,076,930
**Prior year adjustment Audit fees	
Deficit for the year	(8,746,008)
	<u>8,330,922</u>

9.0 STATEMENT OF CASH FLOWS

	2020	2019
		UGX
Cash flow from Operating Activities		
Surplus/ Deficit for the year	(8,746,008)	(42,134,141)
Trade and other Payables	-	250,000
Net cash generated from Operating Activities	<u>(8,746,008)</u>	<u>(41,884,141)</u>
Cash flow from Financing Activities	-	-
Net Cash flow from Financing Activities	-	-
Net Increase/ decrease in cash and cash equivalents	<u>(8,746,008)</u>	<u>(41,884,141)</u>

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 231.8 million from SNV and UGX 49 million from YOBA (NL) which were to be used in financing the company's activities as per the Acceleration Plan. A total of UGX 290.2 million was utilized in the business, leading to a deficit of UGX 8.7 million as at 31 December 2020.

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 Equivalents

For the purposes of the cash flow statement, cash and cash equivalents 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		
	2020	2019
	Ushs	Ushs
Revenue		
Grant from SNV	231,872,366	163,070,050
Grant from YOBA	49,620,519	73,684,316
Total	281,492,885	236,754,366

11.2 Other Operating Income		
	2020	2019
	Ushs	Ushs
Interest Income (DFCU)	7,309	196,839
	7,309	196,839

11.3 Operational Expenses		
	2020	2019
	Ushs	Ushs
Field Consultancy fees	136,792,852	117,428,000
Field expenditure (travel and airtime)	59,781,125	75,479,910
IEC Material	1,479,200	7,297,200
Snacks team meetings	1,282,000	858,500
Phone used for Mobile Banking	49,000	-
UNBS registration for yoghurt producers	59,867,500	-
Staff Uniforms	780,000	-
NGO Registration fees	770,000	-
Branded T-shirts	3,200,000	4,500,000
Branded dustbins	-	2,320,000
Yoghurt sampling/ Sample subsidy	37,500	11,026,530
District Meetings	-	1,795,000
Grants to schools	-	5,500,000
Study expenditure	-	37,980,497
Audit fees	1,950,000	1,750,000
Workshop	-	6,100,000
Advertising	23,820,000	6,500,000
Replacement old Yoba culture	50,000	214,000
Total	289,859,177	278,749,637

11.4 Finance Costs		
	2020	2019
	Ushs	Ushs
Bank charges	387,025	335,709
Total	387,025	335,709

11.5 Creditors and Prepayments		
	2020	2019
	Ushs	Ushs
Audit fees payable	1,750,000	1,500,000
Total	1,750,000	1,500,000

11.6 Retained Earnings		
	2020	2019
	Ushs	Ushs
Balance brought forward	15,326,930	57,461,071
Income	281,500,194	236,951,205
Less: Expenditure	(290,246,202)	(279,085,346)
Total	6,580,922	15,326,930

11.7 Cash and Cash Equivalent		
	2020	2019
	Ushs	Ushs
Cash at bank	8,302,322	17,076,930
Cash at hand	28,600	-
Total	8,330,922	17,076,930

