
YOBA FOR LIFE FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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	8
5.0 Report of the Independent Auditor to the Members of Yoba for Life Foundation Board	9
6.0 Statement of Comprehensive Income	12
7.0 Statement of Financial Position.....	13
8.0 Statement of Cash Flows.....	14
9.0 Significant Accounting Policies	15
10.0 Notes to the Financial Statements.....	18

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 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 on12/07/2019.....2019.

By Order of the Board



SECRETARY
KAMPALA

...12/07/2019

3.0 CHAIRMAN'S REPORT

3.1 Introduction

In challenged communities around the world, stimulating economic activity and improving public health are key factors towards a better and more prosperous future.

The Yoba for Life concept aims at helping people in resource-poor countries through local production of a probiotic yogurt, called Yoba, with proven health benefits. Up till today, the foundation seeks to realize its goal through knowledge transfer (training and coaching) and introduction of the 'Yoba' starter culture to local production units. The Yoba for Life foundation was constituted in the Netherlands in 2009. The foundation started its first operations in Uganda, where currently still the majority of its activities take place. But today Yoba yoghurt can also be found in Kenya, Tanzania, Zimbabwe, Nepal and Indonesia.

The Yoba for Life Foundation currently partners with SNV the Netherlands Development Organization under "The Inclusive Dairy Enterprise" (TIDE) project in Southwest Uganda. Major activities under this partnership so far included;

- I. Training dairy cooperatives selected by TIDE on yoghurt production and sales, and supporting them in starting up businesses.
- II. Supporting existing production units in TIDE geographies by linking them to DDA; central trainings on 'yoghurt business development' and 'yoghurt quality and safety'; and obtaining grants for investments that can improve product quality.
- III. Exploring possibilities of supporting the setup of a medium scale yoghurt processing factory.
- IV. The pre-primary probiotic program, in which parents are encouraged to pay approximately \$3 per school term for their child to take 125ml probiotic yoghurt twice per week.

3.2 Targets 2018

- I. Maintaining the 120 production units country wide, and help them to professionalize and expand their business through matching grants for investments in premises and equipment.
- II. Initiate the pre-primary school probiotic program and enroll 10.000 children in the program.
- III. Create more awareness in society and among policy makers on the health benefits of probiotic yoghurt.
- IV. Conduct a study of the health benefits that are enjoyed by pre-primary school children consuming probiotic yoghurt.
- V. Attract donor funds for new projects
- VI. Work with a large-scale producer to produce Yoba probiotic yoghurt

3.3 Achievements 2018

- I. Number of production units grew from 106 to 110, and cumulative production volumes grew from 22.000 l/week to 25.000 l/week
- II. Pre-primary probiotic program was successfully initiated, and 5.839 children from 59 schools are currently consuming probiotic yoghurt twice per week.
- III. UGX 221,419,982 was paid in matching grants to production units
- IV. Health impact study took place among 584 children consuming probiotic yoghurt compared to 531 children consuming milk. Significant reductions in skin diseases and the incidence of common cold were found.

3.4 Challenges

- I. Several project proposals reached the last round of assessment by the donor, but were in the end not granted.
- II. There was an initial lag phase before schools started to appreciate the idea of school yoghurt, hence the set targets were not reached for the pre-primary probiotic program, but there are good hopes for incremental results in 2019.

.....Prof dr Remco Kort.....
Chairman, Board of Directors



Digitally signed by
Remco Kort
DN: cn=Remco Kort,
o=VU University
Amsterdam, ou,
email=r.kort@vu.nl,
c=NL
Date: 2019.07.07
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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 07/07/2019 and signed on its behalf by:

.....Prof dr Remco Kort ...
Chairman



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Remco Kort
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o=VU University
Amsterdam, ou,
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c=NL
Date: 2019.07.07
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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 12 to 20 and comprise the statement of financial position as at 31 December 2018, 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 2018, 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 Generally Accepted Accounting Principles (GAAP) 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: 10-7-2019

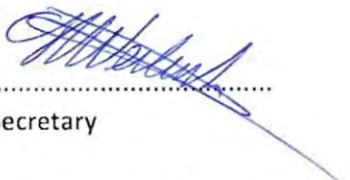
6.0 STATEMENT OF COMPREHENSIVE INCOME

		2018
	Notes	Ushs
Grant Income	10.1	496,892,937
Disbursement to communities	10.3	(223,788,982)
Gross Profit		273,103,955
Other Operating Income	10.2	1,138,133
Operational Expenses	10.4	(216,519,365)
Operational Surplus		57,722,723
Finance Costs	10.5	(591,352)
Surplus for the year	10.7	57,131,371
Retained Earnings at Start of the year		329,700
Surplus for the year		57,131,371
Retained Earnings as at end of the year		57,461,071


7.0 STATEMENT OF FINANCIAL POSITION

		2018
	Notes	Ushs
ASSETS		
Current Assets		
Cash and Cash Equivalents	10.8	58,961,071
Total		58,961,071
FUNDS AND LIABILITIES		
Funds		
Retained Earnings	10.7	57,461,071
Liabilities		
Creditors and Accruals	10.6	1,500,000
Total		58,961,071

The financial statements on pages 12 to 14 were approved by the Board of Directors on.....2019 and signed on its behalf by:-



 Secretary



 Member

The notes from page 15 to 20 form an integral part of the financial statements

8.0 STATEMENT OF CASH FLOWS

	2018
	Ushs
Cash Flows from Operating Activities	
Surplus for the year	57,131,371
Trade and Other Receivables	1,500,000
Net cash generated from Operating Activities	58,631,371
Cash Flows from Financing Activities	
Net Cash Flows from Financing Activities	-
Net increase/(decrease) in cash and equivalents	58,631,371
Movement in cash and cash equivalents	
As at start of the year	329,700
Net Increase in cash and Cash Equivalents	58,631,371
As at the end of the year	58,961,071

9.0 SIGNIFICANT ACCOUNTING POLICIES

9.1 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 2017 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.

9.2 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.

9.2.1 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 a Grants of UGX 439.8 million from SNV and UGX 57 million from YOBA (NL) which were to be used in financing the company's activities as per the Acceleration Plan. A total of UGX 437.7 million was utilized in the business, leaving a balance of UGX 58.9 million as retained earnings as at 31 December 2018.

9.2.2 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.

9.2.3 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.

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.

9.2.4 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.

9.2.5 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.

9.2.6 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.

9.2.7 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.

9.2.8 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.

9.2.9 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.

9.2.10 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.

10.0 NOTES TO THE FINANCIAL STATEMENTS

10.1 Revenue

	2018
	Ushs
Grant from SNV	439,817,782
Grant from YOBA (NL)	57,075,155
Total	496,892,937

10.2 Other Operating Income

	2018
	Ushs
Sale of Packaging Materials	612,500
Sale Of Electronic Tablets to Staff	420,000
Interest Income (DFCU)	105,633
Total	1,138,133

10.3 Direct Costs

	2018
	Ushs
Polythene bags	2,369,000
25%/50% grant towards upgrading of yoghurt production unit	221,419,982
Total	223,788,982

10.4 Operational Expenses

	2018
	Ushs
Salaries (field consultants)	51,324,000
Salaries (Production Coordinator)	12,250,000
Field Expenditure (travel and airtime)	51,993,100
IEC Materials	2,802,900
Snack team Meetings	31,300
Stationery	349,800
T-shirt Design	35,000
Printing T-shirts	5,550,000
Yoghurt Sampling	7,945,050
Dustbins	1,800,000
District Meetings	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
Grant to schools	6,480,000
Staff training in yoghurt	812,100
Study Expenditure	61,822,155
Withholding tax	3,823,960
Provision for Audit	1,500,000
Total	216,519,365

10.5 Finance Costs

	2018
	Ushs
Bank Charges for the year	591,352
Total	591,352

10.6 Creditors and Prepayments

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

10.7 Retained Earnings

	2018
	Ushs
Income	498,360,770
Expenditure	(440,899,699)
	57,461,071

10.8 Cash and Cash Equivalents

	2018
	Ushs
Cash at Bank	58,961,071
Total	58,961,071

10.9 Tax

	2018
	Ushs
Current tax	-
Deferred tax	-
Total	-