Statement of Profit or Loss and Other Comprehensive Income

	Note	6 months period ended March 31, 2022 UShs '000
Revenue	3	**314,377**
Cost of sales	4	**(300,767)**
Gross profit		**13,610**
General and administrative expenses	5	**(47,860)**
Loss before taxation		**(34,250)**
Taxation	6	**-**
Loss for the period		**(34,250)**
Other comprehensive income		**-**
Total comprehensive loss for the period		**(34,250)**

The notes on pages 12 to 21 are an integral part of these financial statements.

Statement of Financial Position

	Note	2022 UShs '000
Assets		
Current Assets		
Trade and other receivables	7	**213,584**
Current tax receivable	8	**10,846**
Cash at bank		**874,367**
		1,098,797
Equity and Liabilities		
Equity		
Share capital	9	**940,000**
Accumulated losses		**(34,250)**
		905,750
Liabilities		
Current Liabilities		
Trade and other payables	10	**193,047**
Total Equity and Liabilities		**1,098,797**

The financial statements on pages 8 to 21, were approved by the board on April 28, 2022 and were signed on its behalf by:

Sd/-
Director

Sd/-
Director

The notes on pages 12 to 21 are an integral part of these financial statements.

Statement of Changes in Equity

	Share capital UShs '000	Accumulated losses UShs '000	Total equity UShs '000
Loss for the period	-	(34,250)	(34,250)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	**-**	**(34,250)**	**(34,250)**
Issue of ordinary shares	**940,000**	**-**	**940,000**
Total contributions by owners of the Company	**940,000**	**-**	**940,000**
Balance at March 31, 2022	**940,000**	**(34,250)**	**905,750**

The notes on pages 12 to 21 are an integral part of these financial statements.

Statement of Cash Flows

	6 months period ended March 31, 2022 UShs '000
Cash flows from operating activities	
Loss before taxation	**(34,250)**
Changes in:	
Trade and other receivables	**(161,084)**
Trade and other payables	**193,047**
Cash used in operations	**(2,287)**
Tax paid	**(10,846)**
Net cash used in operations	**(13,133)**
Cash flows from financing activities	
Proceeds from issue of share capital	**887,500**
Net change in cash at bank for the period	**874,367**
Cash at bank at the beginning of the period	**-**
Cash at bank at end of the period	**874,367**

The notes on pages 12 to 21 are an integral part of these financial statements.

Notes to the Financial Statements

Corporate information

Strategic Foods Uganda Ltd ("the Company") is a limited liability company incorporated and domiciled in Uganda. The Company was incorporated on September 30, 2020. The Company started its business operations from October 1, 2021.

The Company is engaged in the business of trading of biscuits and bakery products.

The registered office of the Company is PO Box 16454, Kampala, Uganda.

1. Significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with International Financial Reporting Standards ("IFRSs") and with the requirements of the Companies Act, 2012.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Uganda Shillings ("UShs"), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

1.2 Use of significant judgements and key sources of estimation uncertainty

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

A. Significant judgements

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

B. Key sources of estimation uncertainty

Information about estimates and assumptions that may have significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Notes to the Financial Statements

1.2 Use of significant judgements and key sources of estimation uncertainty (continued)

Impairment of non-financial assets

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in the relevant notes.

1.3 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity’s business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other operating expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the Financial Statements

1.3 Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is “hold to collect” the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9’s impairment requirements use more forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).
- ‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.
- 12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in determining expected credit losses on trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical credit loss experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Write-off

The gross carrying amont of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due

Notes to the Financial Statements

1.3 Financial instruments (continued)

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

1.6 Equity

An equity is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.7 Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 13.

1.8 Revenue from contracts with customers

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

The Company often enters into transactions involving a range of products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Notes to the Financial Statements

1.8 Revenue from contracts with customers (continued)

Sale of goods and services

Revenue from the sale of goods for a fixed fee is recognised when or as the Company transfers control of the assets to the customer. Control transfers at the point in time the customer takes undisputed delivery of the goods.

1.9 Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in Uganda Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current period

In the current period, the Company has no standards and interpretations to be adopted that are effective for the current financial year and that are relevant to its operations.

2.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after April 1, 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	January 1, 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	January 1, 2022	Unlikely there will be a material impact

Notes to the Financial Statements

	6 months period ended March 31, 2022 USh '000

3. Revenue

Sale of goods	314,377

4. Cost of sales

Purchase	299,017
Transportation	1,750
	300,767

5. General and administrative expenses

Consulting fees	36,565
Auditors remuneration	10,650
Bank charges	645
	47,860

6. Taxation

No provision has been made for 2022 tax as the Company has no taxable income. The estimated tax loss available for set off against future taxable income is UShs 34,216 thousands.

7. Trade and other receivables

Financial assets:	
Trade receivables	156,952
Due from shareholders	52,500
Non-financial assets:	
VAT	4,132
	213,584

8. Current tax receivable

Balance at end of the period	(10,846)

9. Share capital

Authorised	
1,000 Ordinary shares of UShs 1,880,000 each	1,880,000
Issued and paid-up	
500 Ordinary shares of UShs 1,775,000 each	887,500
Unpaid	
500 Ordinary shares of UShs 105,000 each	52,500
	940,000

Notes to the Financial Statements

	6 months period ended March 31, 2022 UShs '000
10. Trade and other payables	
Financial liabilities:	
Trade payables	162,234
Other payables	30,813
	193,047

11. Risk management

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not hedge any of its risk exposure.

The financial risk management is carried out by the accounts and finance department under policies and guidance provided by the Board of Directors.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At March 31, 2022	**Less than 1 year**
Trade and other payables	193,047

Notes to the Financial Statements

11. Risk management (continued)

Credit risk

Credit risk consists mainly of cash at bank and trade and other receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a limited customer base. Management evaluated credit risk relating to customers on an ongoing basis. The Company's credit controller assesses the credit quality of each customer taking into account its financial position, past experience and many other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Financial assets exposed to credit risk at period end were as follows:

Financial instrument	**2022 UShs '000**
Trade and other receivables	213,584
Cash at bank	874,367

No collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

Currency risk

The Company operates locally and does not have any significant financial transactions in foreign currency and therefore it is not exposed to any significant foreign exchange risk.

12. Commitments

The Company has no significant outstanding capital commitments as at March 31, 2022.

13. Contingencies

In the opinion of management, the Company did not have any significant contingent liabilities as at March 31, 2022.

14. Implications of COVID-19

In 2021, the COVID-19 pandemic continues to impact the Company directly or indirectly in the environment in which it operates. Whereas government has started easing various restrictions and many financial institutions continued providing financial assistance and support to the corporates. The Company is well-positioned to support their clients as economy recovers but will continues to remain vigilant to the continued impact of COVID-19 including vaccination progress and the likelihood of uneven economic recovery across markets and industries.

The management has made assessment and will continue to re-assess the assumptions used, recoverability and carrying value of its assets comprising of property, plant and equipment, trade receivables and liabilities as of reporting date and has concluded no material adjustments are required in the financial statements.

The management have taken into account all the possible impact of events that could arise due to COVID-19 pandemic, in the preparation of financial statements including the entity’s ability to continue as going concern. The impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration and the Company will continue to monitor all material changes to the entity’s internal and external environment.

15. Events after the reporting period

The management is not aware of any events after the reporting period and upto the date of this report which requires adjustments to or disclosures in the financial statements.

16. Comparatives

No comparative figures have been presented as these are the first financial statements of the Company.