

**Strategic Foods Uganda Ltd**  
Annual report and financial statements  
for the period ended March 31, 2023

# Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

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## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Corporate Information

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Country of incorporation and domicile	Uganda
Nature of business and principal activities	Trading of biscuits and bakery products
Directors	Annu Gupta Vishal Bhimani Ravi Jain
Registered office	PO Box 16454 Kampala, Uganda
Holding company	Britannia and Associates (Dubai) Pvt. Co. Ltd. incorporated in Dubai
Ultimate holding company	Britannia and Associates (Mauritius) Pvt. Co. Ltd. incorporated in Mauritius
Banker	Standard Chartered Bank (U) Limited PO Box 7111 Kampala, Uganda
Independent auditor	Grant Thornton Certified Public Accountants PO Box 7158 Kampala, Uganda
Secretary	Compliance Business Services Limited PO Box 6757 Kampala, Uganda
Tax identification number	1017236411

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Directors' Report

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The directors have the pleasure in submitting their report on the financial statements of Strategic Foods Uganda Ltd ("the Company") for the period ended March 31, 2023, which discloses the state of affairs of the Company.

#### 1. Nature of business

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

There have been no material changes to the nature of the Company's business from the prior period.

#### 2. Review of financial results

Full details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

The financial statements have been prepared on going concern basis in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2012. The accounting policies have been applied consistently to all the periods presented in the accompanying financial statements.

#### 3. Share capital

Authorised			2023	2022
Ordinary shares			Number of shares	Number of shares
			1,000	1,000
Issued		2023	2023	2022
Ordinary shares	UShs '000	UShs '000	Number of shares	Number of shares
	940,000	940,000	500	500

There have been no changes to the authorised or issued share capital during the period under review.

#### 4. Dividends

The board has not recommended the declaration of a dividend for the year.

#### 5. Directorate

The directors who had office during the year and at the date of this report are as under:

Directors	Nationality
Annu Gupta	Indian
Vishal Bhimani	Indian
Ravi Jain	Nepalese

There have been no changes to the directorate for the period under review.

#### 6. Directors' interests

During the financial year, no contracts were entered into which directors or officers of the Company had an interest and which significantly affected the business of the Company.

#### 7. Holding company

The Company's holding company is Britannia and Associates (Dubai) Pvt. Co. Ltd., which is incorporated in Dubai.

#### 8. Ultimate holding company

The Company's ultimate holding company is Britannia and Associates (Mauritius) Pvt. Co. Ltd., which is incorporated in Mauritius.

#### 9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Directors' Report

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#### 10. Implications of COVID-19

The economic recovery from COVID-19 pandemic has continued to be uneven and punctuated by supply-chain disruption. Further detail in respect of the implication of the pandemic have been included under note 14 of the financial statements.

#### 11. Auditor

Grant Thornton Certified Public Accountants have expressed their willingness to continue as auditor of the Company in accordance with Section 187(2) of the Companies Act, 2012.

#### 12. Secretary

The company secretary is Compliance Business Services Limited, whose registered office is at PO Box 6757, Kampala, Uganda.

The financial statements were approved by the board on May 2, 2023.

By Order of the Board

  
\_\_\_\_\_  
Compliance Business Services Limited  
Company Secretary

May 2, 2023  
\_\_\_\_\_  
Kampala, Uganda



## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Statement of Directors' Responsibilities

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The directors are required in terms of the Companies Act, 2012 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least next twelve months from the date of this statement.

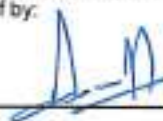
The auditors was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders and the Board of Directors. The directors believe that all representations made to the independent auditor during their audit are valid and appropriate.

The financial statements set out on pages 8 to 22, which have been prepared on the going concern basis, were approved by the board on 08-05-2023 and were signed on its behalf by:

Director



Director



Kampala, Uganda

## Independent Auditor's Report

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To the members of Strategic Foods Uganda Ltd

Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Strategic Foods Uganda Ltd ("the Company") set out on pages 8 to 22, which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement 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 present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2012.

### 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Uganda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Uganda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information on pages 2 to 5.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 and fair presentation of the financial statements in accordance with IFRSs and the requirements of the Companies Act, 2012, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

### 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.

## Independent Auditor's Report

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As part of an audit in accordance with ISAs, we exercise professional judgement 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 Company's internal control.
- 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 related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 fair presentation.

We communicate with the directors 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 and regulatory requirements

As required by the Companies Act, 2012, we report to you, based on our audit that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- (iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Uday Bhalara - P0474.

  
Uday Bhalara  
P0474

  
Grant Thornton  
Certified Public Accountants

May 2, 2023  
Kampala, Uganda



## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Statement of Profit or Loss and Other Comprehensive Income

	Note	2023 UShs '000	6 months period ended March 31, 2022 UShs '000
Revenue	3	1,455,044	314,377
Cost of sales	4	(1,303,004)	(300,767)
<b>Gross profit</b>		<b>152,040</b>	<b>13,610</b>
General and administrative expenses	5	(38,149)	(47,860)
<b>Profit (loss) before taxation</b>		<b>112,891</b>	<b>(34,250)</b>
Taxation	6	(23,592)	-
<b>Profit (loss) for the period</b>		<b>89,299</b>	<b>(34,250)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the period</b>		<b>89,299</b>	<b>(34,250)</b>

The notes on pages 12 to 22 are an integral part of these financial statements.


## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Statement of Financial Position

	Note	2023 UShs '000	2022 UShs '000
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	7	133,166	161,084
Current tax receivable	8	67,352	10,846
Cash at bank		906,563	874,367
		<u>1,107,081</u>	<u>1,046,297</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	9	940,000	887,500
Retained earnings / (accumulated losses)		55,049	(34,250)
		<u>995,049</u>	<u>853,250</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	112,032	193,047
<b>Total Equity and Liabilities</b>		<u>1,107,081</u>	<u>1,046,297</u>

The financial statements on pages 8 to 22, were approved by the board on 02-05-2023 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The notes on pages 12 to 22 are an integral part of these financial statements.

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Statement of Changes in Equity

	Share capital	Retained earnings / (accumulated losses)	Total equity
	UShs '000	UShs '000	UShs '000
Loss for the period	-	(34,250)	(34,250)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(34,250)</b>	<b>(34,250)</b>
Issue of ordinary shares	887,500	-	887,500
<b>Total contributions by owners of the Company</b>	<b>887,500</b>	<b>-</b>	<b>887,500</b>
<b>Balance at March 31, 2022</b>	<b>887,500</b>	<b>(34,250)</b>	<b>853,250</b>
Profit for the period	-	89,299	89,299
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>89,299</b>	<b>89,299</b>
Issue of shares	52,500	-	52,500
<b>Total contributions by owners of company</b>	<b>52,500</b>	<b>-</b>	<b>52,500</b>
<b>Balance at March 31, 2023</b>	<b>940,000</b>	<b>55,049</b>	<b>995,049</b>

The notes on pages 12 to 22 are an integral part of these financial statements.

## Strategic Foods Uganda Ltd

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### Statement of Cash Flows

	Note	2023 UShs '000	6 months period ended March 31, 2022 UShs '000
<b>Cash flows from operating activities</b>			
Profit (loss) before taxation		112,891	(34,250)
Changes in:			
Trade and other receivables		27,917	(161,084)
Trade and other payables		(81,014)	193,047
<b>Cash generated from (used in) operations</b>		<b>59,794</b>	<b>(2,287)</b>
Tax paid		(80,098)	(10,846)
<b>Net cash used in operations</b>		<b>(20,304)</b>	<b>(13,133)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		52,500	887,500
<b>Net change in cash at bank for the year</b>		<b>32,196</b>	<b>874,367</b>
Cash at bank at the beginning of the year		874,367	-
<b>Cash at bank at end of the year</b>		<b>906,563</b>	<b>874,367</b>

The notes on pages 12 to 22 are an integral part of these financial statements.

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Notes to the Financial Statements

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#### 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 ("US\$"), 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 IFRSs 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.

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Notes to the Financial Statements

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#### 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 expires, 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.

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Notes to the Financial Statements

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#### 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 amount 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

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Notes to the Financial Statements

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#### 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 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Notes to the Financial Statements

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#### 1.5 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion (where applicable) and other costs incurred in bringing the inventories to their present location and condition.

#### 1.6 Impairment of non-financial assets

The carrying amounts of the Company's non-financial 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.

#### 1.7 Equity

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

#### 1.8 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.

#### 1.9 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.

## Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

### Notes to the Financial Statements

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#### 1.9 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.

#### 1.10 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.

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### Notes to the Financial Statements

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#### 2. New Standards and Interpretations

##### 2.1 Standards and interpretations effective and adopted in the current period

In the current period, the Company has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations.

##### Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the Company is for years beginning on or after January 1, 2022.

The Company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

##### 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, 2023 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

## Strategic Foods Uganda Ltd

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### Notes to the Financial Statements

	2023 UShs '000	6 months period ended March 31, 2022 UShs '000
<b>3. Revenue</b>		
Sale of goods *	1,455,044	314,377
<b>* Product-wise revenue disclosure</b>		
Nutro Choco Cream	561,812	81,689
Nutro Glucose	184,207	232,688
Nutro Strawberry	405,765	-
Nutro Vanilla	303,260	-
	<b>1,455,044</b>	<b>314,377</b>
<b>4. Cost of sales</b>		
Purchase	1,284,927	299,017
Transportation	9,247	1,750
Other direct cost	8,830	-
	<b>1,303,004</b>	<b>300,767</b>
<b>5. General and administrative expenses</b>		
Consulting fees	25,549	36,565
Auditors remuneration	10,984	10,650
Advertising and sales promotion	5,166	-
Bank charges	983	645
Balance written back	(3,533)	-
	<b>39,149</b>	<b>47,860</b>
<b>6. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	23,592	-
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense:		
Accounting profit	112,891	(34,250)
Tax at the applicable tax rate of 30% (2022: 30%)	33,867	-
<b>7. Trade and other receivables</b>		
<b>Financial assets:</b>		
Trade receivables	133,166	158,952
<b>Non-financial assets:</b>		
VAT	-	4,132
	<b>133,166</b>	<b>161,084</b>



## Strategic Foods Uganda Ltd

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### Notes to the Financial Statements

	2023 UShs '000	6 months period ended March 31, 2022 UShs '000
<b>8. Current tax receivable</b>		
Balance at beginning of the period	10,846	-
Current tax for the period recognised in profit or loss	(23,592)	-
Balance at end of the period	(67,352)	(10,846)
	<u>(80,098)</u>	<u>(10,846)</u>
<b>9. Share capital</b>		
<b>Authorised</b>		
1,000 Ordinary shares of UShs 1,880,000 each	1,880,000	1,880,000
<b>Issued</b>		
500 Ordinary shares of UShs 1,880,000 each (2022: 500 Ordinary shares of UShs 1,880,000 each)	940,000	940,000
<b>Unpaid</b>		
Nil (2022: 500 Ordinary shares of UShs 105,000 each)	-	(52,500)
<b>Issued and paid-up</b>	<u>940,000</u>	<u>887,500</u>
<b>10. Trade and other payables</b>		
<b>Financial liabilities:</b>		
Trade payables	71,978	162,234
Other payables	40,054	30,813
	<u>112,032</u>	<u>193,047</u>

#### 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.

# Strategic Foods Uganda Ltd

Annual report and financial statements for the period ended March 31, 2023

## Notes to the Financial Statements

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### 11. Risk management (continued)

#### 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.

<b>At March 31, 2023</b>	<b>Less than 1 year</b>
Trade and other payables	112,032
<b>At March 31, 2022</b>	<b>Less than 1 year</b>
Trade and other payables	193,047

#### 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	2023 UShs '000	2022 UShs '000
Trade and other receivables	133,166	213,584
Cash at bank	906,563	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, 2023 (2022: Nil).

### 13. Contingencies

In the opinion of management, the Company did not have any significant contingent liabilities as at March 31, 2023 (2022: Nil).



## **Strategic Foods Uganda Ltd**

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### **Notes to the Financial Statements**

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#### **14. Implications of COVID-19**

Throughout 2022, the COVID-19 pandemic reduced its impact, with lockdowns and restrictions easing across globe and staff returning to the office in greater numbers. That said, the COVID-19 pandemic continues to impact the Company directly or indirectly in the environment in which it operates. The Company is well-positioned to support their clients as economy recovers but will continue 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 have made assessment and will continue to re-assess the assumptions used, recoverability and carrying value of its assets and liabilities as at reporting date and has concluded no material adjustments are required in the financial statements.

The management have considered 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. Based on the analysis performed, the directors confirm they are satisfied that the Company has adequate resources to continue in business for a period of at least 12 months from approval of this financial statements by the Board of Directors. For this reason, the Company continues to adopt the going concern basis of accounting for preparing the financial statements.

#### **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**

The financial statements for March 31, 2023 covered the period from April 1, 2022 to March 31, 2023 whereas the financial statements for March 31, 2022 covered the 8 months period ending March 31, 2022. Otherwise, previous period's figures have been regrouped / reclassified in order to make them comparable with that of current financial period, wherever necessary.