

BRAC Social Business Enterprises Uganda Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

BRAC Social Business Enterprises Uganda Limited
Annual Report and Financial Statements
For the year ended 31 December 2021

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BRAC Social Business Enterprises Uganda Limited

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COMPANY INFORMATION

DIRECTORS

Mr. Dr. Muhammad Musa*	- Chairperson (Resigned on 01 August 2021)
Mr Shameran Abed*	- Chairperson (Appointed on 01 August 2021)
Ruth Okowa**	- Member (Appointed on 01 August 2021)
Mr Md. A Saleque*	- Member (Resigned on 01 August 2021)
Mr. Syed Abdul Muntakim*	- Member
Mr. George Owuor Matete**	- Member

ADMINISTRATORS

Mr. George Owuor Matete** - Country Director

*Bangladeshi

**Kenyan

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Plot 880, Heritage Road Nsambya
P.O. Box 31817
Kampala Uganda

COMPANY SECRETARY

Khalifa Nazim Uddin
BRAC Uganda,
Plot 880, Heritage Road Nsambya
P O Box 31817
Kampala Uganda

AUDITOR

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts,
Plot 2 & 4A, Nakasero Road,
P O Box 3509
Kampala
Uganda

BANKERS

Standard Chartered Bank Uganda Ltd
Plot 5 Speak Road
P O Box 7111
Kampala, Uganda

Stanbic Bank Uganda Ltd
Plot 17 Hannington Road, Crested Towers
P O Box 7131
Kampala, Uganda

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

The directors have pleasure in submitting their report and the audited financial statements of BRAC Social Business Enterprises Uganda Limited (the Company) for the year ended 31 December 2021, which disclose the state of affairs of the Company.

(a) INCORPORATION

BRAC Social Business Enterprises Uganda limited was incorporated as a limited liability Company on 9 April 2010. Its vision is to develop a just, enlightened, healthy and democratic society free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex and ethnicity. In order to achieve this vision, BRAC Social Business Enterprises Uganda Limited uses sustainable social businesses to create and protect the livelihoods of poor people.

The Company effectively commenced trading on 1 January 2012 as BRAC Social Business Enterprises Uganda limited.

(b) VISION

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

(c) MISSION

The Company's mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential.

(d) OUR VALUES

Innovation- We have been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.

Integrity- We value transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Company holds these to be the most essential elements of our work ethic.

Inclusiveness- We are committed to engaging, supporting and recognising the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- We value efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

(e) PRINCIPAL ACTIVITIES

The Company packs and sells seeds of agricultural and horticultural crops.

(f) RESULTS FROM OPERATIONS

The results for the Company for the year ended 31 December 2021 are set out on page 10.

(g) COMPOSITION OF DIRECTORS

The directors who served during the year and up to the date of this report are set out on page 2.

(h) DIRECTORS BENEFITS

No director has received or become entitled to receive any benefits during the financial year.

(i) CORPORATE GOVERNANCE

The directors are committed to the principles of good corporate governance and recognise the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- They retain full and effective control over the Company;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

In 2021 the Board of Directors had four directors. The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensuring that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorised auditors, as well as recruitment and development of key personnel.

(j) RISK MANAGEMENT

The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding;

- The effectiveness and efficiency of operations;
- Safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

(k) MANAGEMENT STRUCTURE

The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Country Director who is assisted by the heads of divisions, departments and units. The organisation structure of the Company comprises of the following divisions:

- Accounts and finance;
- Public relations;
- Internal audit;
- Monitoring unit;
- Branch review unit;
- Agriculture;
- Information Technology and Management Information System;
- Human resources;
- BRAC learning centre;
- Communications; and
- Procurement, logistics and transportation

(l) RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 16 to the financial statements.

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(m) DEVELOPMENT PLANS

BRAC International Holdings BV purchased all 99 shares held by BRAC industries limited. Authorized share capital increased to UGX 3.58 billion on 31 July 2021.

(n) KEY ACHIEVEMENTS IN 2021

A new General Manager, experienced in agricultural management in East Africa, was employed to help revamp and re-organise the Company back to profitability. Various products were tested for adoption in Uganda's agro-ecological zones; and rice variety "Namuche 5" was introduced into the market. Over 100 small-holder contract farmers were engaged (to supplement Nakaseke seed farm) in seed multiplication leading to a production of about 450 MT of various seed varieties which were then sold to the market.

(o) SOLVENCY

The Board of Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

(p) EMPLOYEES' WELFARE

Management/employee relationship

There was continued good relation between employees and management for the year ended 31 December 2021. There were no unresolved complaints received by management from the employees during the year. The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the company. During the year, the Company's staff were trained and equipped with various skills.

Medical assistance

The Company has a medical insurance policy in place for all its staff.

Retirement benefit

All eligible employees are members of the National Social Security Fund (NSSF) which is an approved pension fund. The Company contributes 10% of the employees' gross salary.

The NSSF is a defined contribution scheme with BRAC Social Business Enterprises Uganda limited having no legal or constructive obligation to pay further top-up contributions.

(q) GENDER PARITY

In 2021, the Company had a total staff of 23 staff (25 in 2020), female being 35% of the total staff.

(r) AUDITOR

The auditor, KPMG, being eligible for re-appointment has expressed willingness to continue in office in accordance with the terms of Section 167(2) of the Companies Act, 2012 Laws of Uganda.

(s) APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the directors at a meeting held on

.....20th May.....2022.

By order of the Board



Secretary

Date: 20/05/.....2022.

BRAC Social Business Enterprises Uganda Limited
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of BRAC Social Business Enterprises Uganda Limited ("the Company") comprising the statement of financial position as at 31 December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2012 Laws of Uganda.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements of BRAC Social Business Enterprises Uganda Limited which appear on pages 10 to 41, were approved and authorised for issue by the Board of Directors on 2022



Director



Director

Date: 20/05/ 2022



KPMG
Certified Public Accountant of Uganda
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P O Box 3509
Kampala, Uganda
Reg No. AF0026

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Email info@kpmg.co.ug
Internet www.kpmg.com/eastafrica

Independent auditor's report

To the members of BRAC Social Business Enterprises Uganda Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BRAC Social Business Enterprises Uganda Limited (“the Company”) set out on pages 10 to 41, which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BRAC Social Business Enterprises Uganda Limited as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 2012 Laws of Uganda.

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) (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.

Other Matter

We draw attention to the fact that the supplementary information presented in United States Dollars (USD) and the programme reporting does not form part of the audited financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the BRAC Social Business Enterprises Uganda Limited Annual Report and Financial Statements for the year ended 31 December 2021 but does not include the financial statements and our auditor's report thereon.

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.

Independent auditor's report

To the members of BRAC Social Business Enterprises Uganda Limited (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act of Uganda, 2012 Laws of Uganda, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 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 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 those charged with governance 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.



Independent auditors' report

To the members of Brac Social Business Enterprises Uganda Limited (Continued)

Report on Other Legal Requirements

As required by the Companies Act of Uganda, 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 considered 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 statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Asad Lukwago – P0365.

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P. O. Box 3509
Kampala, Uganda

CPA Asad Lukwago

Date: 2022

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Ushs'000	2020 Ushs'000	2021 USD	2020 USD
Revenue	4	1,592,191	2,456,872	444,479	659,850
Cost of sales	6	(1,484,426)	(2,007,645)	(414,395)	(539,200)
Gross profit		107,765	449,227	30,084	120,650
Other income	5	161,228	117,885	45,009	31,660
Staff costs	7	(486,607)	(641,848)	(135,842)	(172,383)
Training, workshops & seminars	8	(61,573)	(6,219)	(17,190)	(1,670)
Other operating expenses	9	(483,960)	(445,796)	(135,103)	(119,729)
Depreciation	14	(104,188)	(216,156)	(29,084)	(58,054)
Lease amortization	15(a)	(12,801)	(35,728)	(3,574)	(9,595)
Impairment of trade receivables	13	(5,781)	(5,713)	(1,614)	(1,534)
Operating loss		(885,917)	(784,348)	(247,314)	(210,655)
Finance costs	10	(25,747)	(41,858)	(7,188)	(11,242)
Loss before tax		(911,664)	(826,206)	(254,502)	(221,897)
Income tax credit	18(a)	-	-	-	-
Net loss for the year		(911,664)	(826,206)	(254,502)	(221,897)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(911,664)	(826,206)	(254,502)	(221,897)

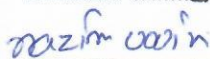
The notes set out on pages 14 to 41 are an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 Ushs'000	2020 Ushs'000	2021 USD	2020 USD
ASSETS					
Non-current assets					
Property and equipment	14	1,015,227	1,104,075	286,440	302,863
Right of use	15(a)	53,722	66,523	15,157	18,250
Total non-current assets		1,068,949	1,170,598	301,597	321,113
Current assets					
Cash and bank	11	23,776	138,891	6,708	38,100
Inventory	12	221,378	393,404	62,460	107,917
Trade and other receivables	13	169,575	329,670	47,844	90,434
Tax receivable	18(c)	49,945	38,635	14,092	10,599
Total current assets		464,674	900,600	131,104	247,050
Total assets		1,533,623	2,071,198	432,701	568,163
EQUITY					
Share capital	19	3,580,900	2,434,000	1,010,326	667,685
Accumulated losses		(3,967,603)	(3,055,939)	(1,119,432)	(838,293)
Total equity		(386,703)	(621,939)	(109,106)	(170,608)
LIABILITIES					
Non-current liabilities					
Loan due to related party	16(c)	-	1,093,629	-	300,000
Total non-current liabilities		-	1,093,629	-	300,000
Current liabilities					
Due to related parties	16(a)	1,675,530	1,335,598	472,739	366,376
Lease liability	15(b)	-	6,965	-	1,911
Other liabilities	17	244,796	256,945	69,068	70,484
Total current liabilities		1,920,326	1,599,508	541,807	438,771
Total liabilities		1,920,326	2,693,137	541,807	738,771
Total equity and liabilities		1,533,623	2,071,198	432,701	568,163

The financial statements on pages 10 to 41 were approved and authorised for issue by the Board of Directors on 20th May 2022 and were signed on its behalf by:



Head of Finance



Director



Country Director



Director

Date: 20/05/2022

The notes set out on pages 14 to 41 are an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Accumulated losses	Total Equity	Total Equity
	Ushs'000	Ushs'000	Ushs'000	USD
At 1 January 2020	2,434,000	(2,229,733)	204,267	55,732
Loss for the year	-	(826,206)	(826,206)	(221,897)
Currency translation	-	-	-	(4,443)
At 31 December 2020	2,434,000	(3,055,939)	(621,939)	(170,608)
At 1 January 2021	2,434,000	(3,055,939)	(621,939)	(170,608)
Share capital	1,146,900	-	1,146,900	323,590
Loss for the year	-	(911,664)	(911,664)	(254,502)
Currency translation	-	-	-	(7,586)
At 31 December 2021	3,580,900	(3,967,603)	(386,703)	(109,106)

The notes set out on pages 14 to 41 form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Ushs '000	2020 Ushs '000	2021 USD	2020 USD
Cash flows from operating activities	20	(88,274)	103,680	(22,533)	31,450
Interest paid on lease liability	15(b)	(211)	(3,013)	(59)	(809)
Income tax paid	18(a)	-	-	-	-
Net cash used in operating activities		(88,485)	100,667	(22,592)	30,641
Cash flows from investing activities					
Purchase of property, plant, and equipment	14	(15,340)	(14,835)	(4,328)	(4,069)
Net cash used in investing activities		(15,340)	(14,835)	(4,328)	(4,069)
Cash flows from financing activities					
Payment of lease liabilities	15(b)	(11,289)	(40,359)	(3,185)	(11,071)
Net cash used in financing activities		(11,289)	(40,359)	(3,185)	(11,071)
Net (decrease)/increase in cash and cash equivalents		(115,114)	45,473	(30,105)	15,501
Cash at bank at start of year		138,890	93,418	38,100	25,488
Currency translation		-	-	(1,287)	(2,889)
Cash at bank at end of year	11	23,776	138,891	6,708	38,100

The notes set out on pages 14 to 41 are an integral part of these financial statements.

BRAC Social Business Enterprises Uganda Limited
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1. General Information

BRAC Social Business Enterprises Uganda Limited (the “Company”) is incorporated in Uganda under the Companies Act, 2012 Laws of Uganda as a limited liability company and is domiciled in Uganda.

Its vision is to develop a just, enlightened, healthy, and democratic society free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex and ethnicity. In order to achieve this vision, the Company uses sustainable social businesses to create and protect the livelihoods of poor people.

BRAC’s business model strongly reflects its philosophy, the core elements of the business model are BRAC’s community outreach-based delivery methodology and its unwavering focus on people at the poorer end of the poverty spectrum.

The Company officially started its journey on 4 April 2011 after receiving license from Ministry of Agriculture, Animal industry and Fishery of Uganda to pack and sell seeds of Agricultural and Horticultural crops.

For the Companies Act, 2012 Laws of Uganda reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income in these financial statements.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the Companies Act, 2012 Laws of Uganda. They were authorised for issue by the Company’s board of directors on 31 December 2021.

The measurement basis applied is the historical cost basis, except for investments measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Details of the Company’s accounting policies are included in Note 3

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Changes in accounting policy and disclosures

The Company is required to adopt Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) and COVID-19-Related Rent Concessions (Amendments to IFRS 16) from 1 January 2021.

However, the adoption of these amendments does not have a material impact on the financial statements of the Company as the Company does not have hedging arrangements and any lease concessions.

(b) New standards, amendments and interpretations

(i) New and amended standards adopted by the Company

New amendments or interpretation effective for annual periods beginning on or after 1 January 2021 are summarised below:

3 Summary of significant accounting policies (continued)

(b) New standards, amendments and interpretations (continued)

(i) New and amended standards adopted by the Company (continued)

New amendments or interpretation	Effective date
<ul style="list-style-type: none"> ▪ Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) 	1 January 2021
<ul style="list-style-type: none"> ▪ COVID-19-Related Rent Concessions (Amendments to IFRS 16) 	1 January 2021

Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. The basis immediately before the change.

Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.

If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date

Disclosure

The amendments require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities. The adoption of these amendments does not have a material impact on the financial statements of the Company.

BRAC Social Business Enterprises Uganda Limited
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3 Summary of significant accounting policies (continued)

(b) New standards, amendments and interpretations (continued)

(i) New and amended standards adopted by the Company (continued)

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. The practical expedient only applies if:

- the revised consideration is substantially the same or less than the original consideration.
- the reduction in lease payments relates to payments due on or before 30 June 2021; and no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognized in profit or loss for the reporting period arising from application of the practical expedient.

The adoption of these amendments does not have a material impact on the financial statements of the Company as the Company has not had any lease concessions.

(ii) New standards and interpretations not yet adopted by 2021

At the date of authorisation of the financial statements of BRAC Social Business Enterprises Uganda Limited for the year ended 31 December 2021, the following Standards and Interpretations were in issue but not yet effective:

New amendments or interpretation	Effective for annual periods beginning on or after
▪ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
▪ Annual Improvements to IFRS Standards 2018–2020	1 January 2022
▪ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
▪ Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
▪ Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
▪ Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
▪ Disclosure of Accounting Policies (Amendments to IFRS 1 and IFRS Practice Statement 2)	1 January 2023
▪ Definition of Accounting Policies (Amendments to IAS 8)	1 January 2023
▪ IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
▪ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

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3 Summary of significant accounting policies (continued)

(b) New standards, amendments and interpretations (continued)

(ii) New standards and interpretations not yet adopted by 2021 (continued)

All standards and Interpretations will be adopted at their effective date (except for those standards and Interpretations that are not applicable to the entity).

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

The amendments are not expected to have a material impact on the Company.

Annual Improvements to IFRS Standards 2018-2020

<ul style="list-style-type: none"> ▪ IFRS 1 First-time Adoption of International Financial Reporting Standards 	<p>The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.</p>
<ul style="list-style-type: none"> ▪ IFRS 9 Financial Instruments 	<p>The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.</p>
<ul style="list-style-type: none"> ▪ IFRS 16 Leases 	<p>The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.</p>
<ul style="list-style-type: none"> ▪ IAS 41 Agriculture 	<p>The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.</p>

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The amendments are not expected to have a material impact on the Company.

3 Summary of significant accounting policies (continued)

(b) New standards, amendments and interpretations (continued)

(ii) New standards and interpretations not yet adopted by 2021 (continued)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The amendments are not expected to have a material impact on the Company.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The amendments are not expected to have a material impact on the Company.

3 Summary of significant accounting policies (continued)

(b) New standards, amendments and interpretations (continued)

(ii) New standards and interpretations not yet adopted by 2021 (continued)

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model (“general model”) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity’s financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted only if the entity applied IFRS 9.

The amendments are not expected to have a material impact on the Company.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The amendments are not expected to have a material impact on the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), Disclosure of Accounting Policies (Amendments to IFRS 1 and IFRS Practice Statement 2) and Definition of Accounting Policies (Amendments to IAS 8).

The amendments are not expected to have a material impact on the Company.

3 Summary of significant accounting policies (continued)

(b) New standards, amendments and interpretations (continued)

(ii) New standards and interpretations not yet adopted by 2021 (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a ‘business’ under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors’ interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors’ interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). The amendments are not expected to have a material impact on the Company.

c) Revenue from contracts with customers

The Company recognises revenue in accordance with the core principle of IFRS 15 Revenue from Contracts with Customers: by applying the following five steps;

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised in the correct period (“cut-off” issue) and reported only where control of the goods has passed to the customer. This signifies that the Company has satisfied a performance obligation to its customer in accordance with the requirements of the contract with that customer (steps 1, 2 and 5 of the Revenue model).

Revenue must be recognised and measured at the correct valuation after taking account of rebates, trade activities, returns and other adjustments to reported revenue in accordance with the requirements of the contract with that customer (steps 1, 3 and 4 of the Revenue model).

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company’s activities. Net revenue is shown after excluding value-added tax (VAT).

Nature and timing of satisfaction of performance obligations, including significant payment terms;

Customers obtain control of the products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Credit sale invoices are payable within 28 days.

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The performance obligations in the sale of seeds involves delivering the goods to the customers and confirming that these have been accepted by the customers at their premises.

Revenue from the sale of seeds is recognised when the goods are delivered and have been accepted by customers at their premises.

Interest income is recognised on a time proportion basis using the effective interest method.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Uganda Shillings (Ushs) rounded to the nearest thousands. Uganda Shillings is the Company's functional currency.

The financial statements include figures, which have been translated from Uganda Shillings (Shs'000) to United States Dollars (USD) at the year-end rate of USD 1: Ushs 3,544.30 (2020: Ushs 3,645.43) for balance sheet items and USD 1: Ushs 3582.15 (2020: Ushs 3,723.38) for the income statement balances. These figures are for memorandum purposes only and do not form part of the audited financial statements.

(ii) Transactions and balance

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct item cost that has been incurred in bringing the inventories to their present location. Net realizable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

f) Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

g) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. The cost of an item of property and equipment is recognized as an asset when:

- It is probable that future economic benefits associated with the item will flow to the company; and
- The cost of the item can be measured reliably.

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Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognized.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property and equipment.

Depreciation is provided to write down the property and equipment, on a straight-line basis, over their useful life, to their residual values, as follows:

Buildings	5%
Furniture and fixtures	10%
Equipment	20%
Computer and peripherals	33.33%
Motorcycles	20%

The residual value and the depreciation rates of each asset are reviewed at each financial period-end. Land is not depreciated.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the disposal of an item of property and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property and equipment are carried at cost less accumulated depreciation and any impairment losses.

h) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, and an impairment loss is recognized immediately in the profit and loss account.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Investments with a longer maturity at acquisition do not become cash equivalents once their remaining maturity period falls to three months.

j) Taxation

Current tax for current and prior periods is, to the extent unpaid, recognized 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 recognized 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 (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

A deferred tax liability is recognized 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).

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A deferred tax asset is recognized 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 utilized. A deferred tax asset is not recognized 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 recognized 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 utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Tax expenses

Provision is made for current income tax on the net taxable profit for the year at the applicable rates of tax taking into account income and expenditure which is not subject to tax.

k) Financial instruments

Initial recognition

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognized on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Amounts owing by/ (to) related parties

These include amounts owing by/ (to) holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognized initially at fair value plus direct transaction costs.

Subsequently these amounts are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

On amounts receivable an impairment loss is recognized in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized.

l) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on net basis, or to realize the asset and settle the liability simultaneously.

m) Provisions

A provision is recognized on the statement of financial position when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

o) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

The accounting policies adopted are consistent with those used in the previous financial year except the standards, amendments and interpretations which the company has adopted. The adoption of these standards, amendments and interpretations did not have significant effect on the financial performance or position of the company.

4. REVENUE

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Sale of seeds	1,592,191	2,456,647	444,479	659,790
Vine sale	-	225	-	60
	1,592,191	2,456,872	444,479	659,850

The following table provides information about the nature and timing of the satisfaction of performance obligation with customers, including significant payment terms and the related revenue recognition policies.

Type of the product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Sale of seeds and vine	Customers obtain control when the goods are delivered to and have been accepted at their premises. Invoices are generated at a point in time. Credit sale invoices are usually payable within 28 days.	Revenue is recognised when the seeds are delivered and have been accepted by customers at their premises.

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5. OTHER INCOME

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Training income	28,190	110,012	7,869	29,546
Other Income	131,413		36,686	
Bank interest income	1,625	7,873	454	2,114
	161,228	117,885	45,009	31,660

Type of the product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Training income	Customers obtain control when the training services have been offered by the Company. Invoices are generated at a point in time. Invoices are usually payable within 28 days.	Revenue is recognised when an invoice is raised after the training.

6. COST OF SALES

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Seed purchase	1,118,000	1,440,129	312,103	386,780
Labor	11,023	14,242	3,077	3,825
Transportation of seeds	156,009	202,536	43,552	54,396
Chemical cost	180	27,789	50	7,463
Irrigation cost	7,575	2,023	2,115	543
Fertilizer costs – chemicals	6,725	365	1,877	98
Packaging costs	123,019	217,903	34,342	58,523
Seed processing cost	38,938	47,703	10,870	12,812
Electricity bill	19,360	40,609	5,405	10,907
Fuel	3,597	14,346	1,004	3,853
	1,484,426	2,007,645	414,395	539,200

7. STAFF COSTS

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Salaries	420,019	544,958	117,253	146,360
Bonus	22,292	42,363	6,223	11,378
Employer's contribution	44,296	54,527	12,366	14,645
	486,607	641,848	135,842	172,383

8. TRAINING, WORKSHOP AND SEMINARS

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
External member trainings	59,238	1,587	16,537	426
Staff training	2,335	4,632	653	1,244
	61,573	6,219	17,190	1,670

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9. OTHER OPERATING EXPENSES

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Legal fees and other services	14,468	22,064	4,039	5,926
Audit fees	62,723	43,016	17,510	11,553
Maintenance and general expenses	110,887	64,728	30,955	17,384
Printing and stationery	22,094	50,136	6,168	13,465
Software maintenance cost	5,611	9,609	1,566	2,581
Other general expenses	53,839	52,411	15,030	14,076
Head office logistic expenses	-	-	-	-
Honorarium	3,800	4,970	1,061	1,335
Travel and transportation	129,984	145,632	36,286	39,113
Inventory write off	80,554	51,148	22,488	13,737
Fixed assets write off	-	2,082	-	559
	483,960	445,796	135,103	119,729

10. FINANCE COSTS

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Loan interest expense	25,536	44,778	7,129	12,026
IFRS16 interest expense	211	3,013	59	809
Exchange gain	-	(5,933)	-	(1,593)
	25,747	41,858	7,188	11,242

11. CASH AND BANK

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Cash in hand	103	109	29	30
Cash at Bank	23,673	138,782	6,679	38,070
	23,776	138,891	6,708	38,100

12. INVENTORY

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Maize seeds	13,197	109,718	3,723	30,097
Rice seeds	29,522	13,173	8,329	3,614
Bean seeds	101,147	181,938	28,538	49,909
Tomato seeds	12,277	45,462	3,464	12,471
Egg plants	4,682	4,317	1,321	1,184
Pumpkins	73	467	21	128
Carrots	9,162	-	2,585	
Onion	15,974	-	4,507	
Watermelon	-	11,553	-	3,169
Cabbage	35,344	26,776	9,972	7,345
	221,378	393,404	62,460	107,917

The inventory relates to agriculture seeds that were not yet sold as at 31 December 2021. A provision for stock loss of Ushs 80,553,885 was made in regard to this inventory making the amount to drop from Ushs 301,931,521 to Ushs 221,377,636 as recognized above.

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13. TRADE AND OTHER RECEIVABLES

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Trade receivables	175,150	324,118	49,417	88,911
Less: Provision for impairment losses	(11,493)	(5,713)	(3,243)	(1,567)
Trade receivables – net	163,657	318,405	46,174	87,344
Receivables from others	5,918	11,265	1,670	3,090
	169,575	329,670	47,844	90,434

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Balance at 1 January under IFRS 9	175,150	469,674	49,417	128,145
Write off against provisions	(175,150)	(469,674)	(49,417)	(128,145)
Remeasurement of loss allowance	5,781	5,713	1,614	1,534
Balance at 31 December	5,781	5,713	1,614	1,534

Impairment of trade receivables was made based on a simplified approach measured at an amount equal to lifetime credit loss using a provision matrix that is based on historical credit loss experience of the trade receivables.

The carrying amounts of the above trade and other receivables approximate their fair values.

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14. Property and equipment

	Building Ushs '000	Motorcycles Ushs '000	Furniture Ushs '000	Equipment Ushs '000	Total Ushs '000	Total USD
COST						
At 1 January 2020	1,296,432	-	13,557	751,380	2,061,369	562,414
Additions	-	13,475	-	1,360	14,835	384
Asset Write-Off	-	-	(90)	(25,243)	(25,333)	(7,600)
Currency translation	-	-	-	-	-	7,387
At 31 December 2020	1,296,432	13,475	13,467	727,497	2,050,871	562,585
At 1 January 2021	1,296,432	13,475	13,467	727,497	2,050,871	562,585
Additions	-	14,340	1,000	-	15,340	4,328
Asset write-off	-	-	-	-	-	-
Currency translation	-	-	-	-	-	16,054
At 31 December 2021	1,296,432	27,815	14,467	727,497	2,066,211	582,967
DEPRECIATION						
At 1 January 2020	184,322	-	6,491	563,079	753,892	205,689
Charge for the year	64,822	787	1,356	149,191	216,156	58,054
Accumulated Depreciation write-off	-	-	(52)	(23,200)	(23,252)	(6,975)
Currency translation	-	-	-	-	-	2,954
At 31 December 2020	249,144	787	7,795	689,070	946,796	259,722
As at 1 January 2021	249,144	787	7,795	689,070	946,796	259,722
Charge for the year	64,822	2,934	1,347	35,085	104,188	29,084
Accumulated depreciation write-off	-	-	-	-	-	-
Currency translation	-	-	-	-	-	7,721
At 31 December 2021	313,966	3,721	9,142	724,155	1,050,984	296,527
NET BOOK VALUE						
At 31 December 2021	982,466	24,094	5,325	3,342	1,015,227	286,440
At 31 December 2020	1,047,288	12,688	5,672	38,427	1,104,075	302,863

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15. LEASES

a) Right of use

	Ushs '000	Ushs '000	Ushs '000	USD
	Office Space	Prepaid Lease hold Land	Total	Total
Cost/valuation				
At 1 January 2020	82,415	60,761	143,176	39,066
Additions	-	-	-	-
Currency translation	-	-	-	-
At 31 December 2020	82,415	60,761	143,176	39,066
At 1 January 2021	82,415	60,761	143,176	39,066
Additions	-	-	-	-
Currency translations	-	-	-	1,330
At 31 December 2021	82,415	60,761	143,176	40,396
Amortization				
At 1 January 2020	35,114	5,811	40,925	11,167
Charge for the year	35,114	614	35,728	9,595
Currency translations	-	-	-	54
At 31 December 2020	70,228	6,425	76,653	20,816
At 1 January 2021	70,228	6,425	76,653	20,816
Charge for the year	12,187	614	12,801	3,574
Currency translations	-	-	-	849
At 31 December 2021	82,415	7,039	89,454	25,239
Net Book Value 2021	-	53,722	53,722	15,157
Net Book Value 2020	12,187	54,336	66,523	18,250

The prepaid leasehold land relates to costs incurred for the acquisition of land located on Block 382, Plot 19 at Kiziba, Bulemezi. It is amortised on a straight-line basis over the period of the lease. The lease agreement became effective on 18 December 2008 for 99 years and as at 31 December 2021, the remaining lease period is 86 years.

At inception of the lease, the obligation associated with the acquisition was all paid upfront as required by the local laws. Therefore, all would be minimum lease payments were paid at once at the beginning of the lease. It's a requirement that for such a lease for the lessee to settle all the obligations upfront for the lease agreement to be effective.

b) Lease liability

	2021 Ushs '000	2020 Ushs '000	2021 USD	2020 USD
Balance at 1 January 2021	6,965	47,324	1,911	12,912
Adjustment	4,324	-	1,247	-
Interest expense	211	3,103	59	809
Interest paid	(211)	(3,103)	(59)	(809)
Lease Payments	(11,289)	(40,359)	(3,158)	(11,071)
Currency translation				70
Balance at 31 December 2021	-	6,965	-	1,911

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c) Amounts recognised in profit and loss

	Office space Ushs'000	Prepaid leasehold land Ushs'000	Total Ushs '000	Total USD
Interest on lease liabilities	211	-	211	59
Depreciation of ROU asset	12,187	614	12,801	3,574

d) Amounts recognized in statement of cashflows

	Office space Ushs'000	Office space USD
Lease interest expense	(211)	(59)
Lease payments-Principal	<u>(11,289)</u>	<u>(3,185)</u>
Total	<u>(11,500)</u>	<u>(3,244)</u>

16. RELATED PARTY TRANSACTIONS

The Company has entered into transactions with related parties as follows:

(a) Amount due to related parties	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Stitching BRAC International	20,745	20,744	5,853	5,690
BRAC International Holdings B.V	87,665	87,665	24,734	24,048
BRAC Uganda	1,567,120	1,227,189	442,152	336,638
	<u>1,675,530</u>	<u>1,335,598</u>	<u>472,739</u>	<u>366,376</u>

Related party payables relate to amounts owing to Stitching BRAC International, BRAC International Holdings B.V and BRAC Uganda for the settlements of operating expenditures on behalf of the company. Stitching BRAC International is the ultimate controlling party of BRAC Bangladesh, BRAC International Holdings B.V and BRAC Uganda. BRAC International Holdings B.V controls 99% of BRAC Social Business Enterprise Uganda.

The amounts due from and due to related parties are unsecured, bear no interest and will be settled in the normal course of business.

The carrying amounts of the above payables to related parties approximate their fair values.

(b) Sale of services

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Training income	28,190	78,497	7,869	21,082
	<u>28,190</u>	<u>78,497</u>	<u>7,869</u>	<u>21,082</u>

The Company provides training services to related parties including BRAC Uganda and BRAC Uganda Bank Limited. All these related parties share a common ultimate controlling party with the Company.

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(c) **Loan due to related party**

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
BRAC International Holdings B. V	-	1,093,629	-	300,000
	-	1,093,629	-	300,000

The loan due to related party together with its accrued interest as at 31 July 2021 were converted into equity. This brought the related party loan balance as at 31 December 2021 to zero as indicated above.

17. OTHER LIABILITIES

	2021	2020	2021	2020
	Ushs '000	Ushs'000	USD	USD
Provision for NSSF	10,325	13,874	2,913	3,806
Provision for audit fees	62,061	43,016	17,510	11,800
Provision for PAYE	16,239	28,054	4,582	7,696
Withholding tax payable	3,022	(11,312)	853	(3,103)
Accrued expenses	153,149	183,313	43,210	50,285
	244,796	256,945	69,068	70,484

The carrying amounts of the other liabilities approximate their fair values.

18. TAXATION

(a) **Income tax credit**

The Company's tax affairs are subjected to agreement with the tax authorities. Details of the tax computation are set out below:

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Corporation tax	-	-	-	-
Deferred tax (Note 18(b))	-	-	-	-
Income tax credit	-	-	-	-

The corporation tax rate is set at 30% of the profits for the year as adjusted for tax purposes in accordance with the Income Tax Act cap 340.

Since the Company did not make taxable profit during the year, no corporation tax was charged.

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Accounting loss	(911,664)	(826,206)	(254,502)	(221,897)
Tax at applicable rate 30%	(273,499)	(247,862)	(76,351)	(66,569)
Tax effect of:				
(Under)/ over provision from prior year	(3,340)	(451,770)	(932)	(121,333)
Movement in unrecognized tax losses	-	-	-	-
Unrecognized deferred tax asset	248,506	693,214	69,373	186,179
Non-deductible expenses	28,333	6,418	7,910	1,723
	-	-	-	-

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No provision for corporation tax has been made in the financial statements as the company has accumulated tax losses amounting to Ushs 3,240 million (2020: Ushs 2,449 million).

(b) Unrecognized Deferred tax asset

In accordance with policy (j), the deferred tax asset arising from accumulated tax losses carried forward are realization only to the extent that realization of the tax benefit is probable.

The current year deferred tax asset has been recognised to the extent of the available temporary taxable differences. The net deferred tax asset amounting to Ushs 697 million has not been recognised in the financial statements. The unrecognized deferred tax asset as at 31 December 2021 is summarized below:

	2020	Mov't	2021	2020	Mov't	2021
	Ushs '000	Ushs '000	Ushs '000	USD	USD	USD
Property and equipment	311,098	(10,920)	300,178	85,339	(646)	84,693
Provisions	(175,169)	(26,481)	(201,650)	(48,052)	(8,842)	(56,894)
Trading losses	(2,448,550)	(790,953)	(3,239,503)	(671,677)	(242,327)	(914,004)
Unrealized foreign exchange loss/ (gain)	(10,802)	-	(10,802)	(2,963)	(85)	(3,048)
	(2,323,423)	(828,354)	(3,151,777)	(637,353)	(251,900)	(889,253)
Unrecognized deferred tax asset @ 30%	(697,027)	(248,506)	(945,533)	(191,206)	(75,570)	(266,776)
At 31 December	(697,027)	(248,506)	(945,533)	(191,206)	(75,570)	(266,776)
	2019	Mov't	2020	2019	Mov't	2020
	Ushs '000	Ushs '000	Ushs '000	USD	USD	USD
Property and equipment	479,526	(168,428)	311,098	130,832	(45,493)	85,339
Provisions	(483,869)	308,700	(175,169)	(132,017)	83,965	(48,052)
Trading losses	-	(2,448,550)	(2,448,550)	-	(671,677)	(671,677)
Unrealized foreign exchange loss	(8,368)	(2,434)	(10,802)	(2,283)	(680)	(2,963)
	(12,711)	(2,310,712)	(2,323,423)	(3,468)	(633,885)	(637,353)
Deferred tax liability @ 30%	(3,813)	(693,214)	(697,027)	(1,040)	(190,166)	(191,206)
At 31 December	(3,813)	(693,214)	(697,027)	(1,040)	(190,166)	(191,206)

(c) Tax receivable

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
At 1 January	38,635	38,635	10,599	10,637
Movement during the year	11,310		3,191	
Currency translation	-	-	302	(38)
At 31 December	49,945	38,635	14,092	10,599

The tax receivable relates to the Value Added Tax (VAT) claimable from Uganda Revenue Authority at period end.

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19. SHARE CAPITAL AND FUNDS DESIGNATED FOR ISSUE OF ORDINARY SHARES

(a) Share Capital

		2021	2021		2020	2020
		Ushs '000	USD		Ushs '000	USD
At 1 January and 31 December						
Authorized Share Capital		10,500,000	2,826,189		10,500,000	2,826,189
Issued and raised shares						
	No of Shares	2021 Ushs '000	2021 USD	No of Shares	2020 Ushs '000	2020 USD
As at 1 January	243,400	2,434,000	667,685	243,400	2,434,000	655,137
Issued during the year @10,000	114,690	1,146,900	322,633	-	-	-
Currency translation	-	-	20,008	-	-	12,548
At 31 December	358,090	3,580,900	1,010,326	243,400	2,434,000	667,685

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company.

The share capital increase during the year arose from the conversion of the loan due to BRAC International Holdings BV together with its accrued interest amounting to UGX 1,146 billion into equity.

20. CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Loss before tax	(911,664)	(826,206)	(254,502)	(221,897)
<i>Adjustments for:</i>				
Depreciation	104,188	216,156	29,084	58,054
Amortization of right of use	12,801	35,728	3,574	9,595
Forex on borrowings	(28,163)	(5,933)	(7,862)	(1,594)
Interest on lease liability	211	3,013	58	809
Interest on loan	25,537	-	7,128	-
Loss on disposal	-	2,082	-	559
Cash flow before changes in working capital	(797,090)	(575,160)	(222,520)	(154,474)
Changes in working capital				
Decrease/ (increase) in inventory	172,026	(249,714)	48,536	(68,794)
Decrease in trade and other receivables	148,786	221,426	41,979	60,741
Increase in due to related parties	339,932	639,841	95,909	175,519
Decrease in other liabilities	48,072	67,287	13,563	18,458
Cashflows used/generated in operations	(88,274)	103,680	(22,533)	31,450

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21. GOING CONCERN

The Company incurred a loss during the year ended 31 December 2021 of Ushs 912 million (2020: Ushs 826 million) and as of that date, the Company's current liabilities exceeded its current assets by Ushs 1,455 million (2020: Ushs 698 million). The losses are mainly due to the high seed processing costs incurred to produce quality seeds that attract high prices.

The directors are confident that the Company will be able to meet its obligations as and when they fall due for the next twelve months from the date the financial statements are approved due to the following factors:

- a) The holding company and other related companies are willing to continue providing financial support to the Company and this was evidenced through a letter of support.
- b) The loan due to related parties (BRAC International Holdings B.V-parent company) together with its accrued interest amounting to Ushs 1,146,900,000 was converted into equity as of 31 July 2021 following board approval on 4 August 2021.
- c) Management has put in place strategies to manage costs such as optimising staff costs and managing production costs through producing only when there is a confirmed order so as to avoid costs for any excess that may arise without demand and ensure that the Company has sufficient cash flows to meet its obligations as and when they fall due.

The Directors believe that the above financial support coupled with a new head of the Company and a new product introduction committee will result in revenue growth. The Directors are confident that the going concern assumption is appropriate in the preparation of the financial statements

22. FINANCIAL RISK MANAGEMENT

All the Company's financial assets are classified as amortised cost and all financial liabilities are measured at amortised cost. The carrying amounts for each class of financial assets and financial liabilities are included in the table below:

<u>Financial assets</u>	2021	2020
	Ushs '000	Ushs '000
Amortised cost		
Cash and cash equivalents	23,776	138,891
Inventories	221,378	393,404
Tax receivable	49,945	38,635
Trade and other receivables	<u>169,575</u>	<u>329,670</u>
	<u>464,674</u>	<u>900,600</u>
<u>Financial liabilities</u>		
Measured at amortised cost:		
Loan due to related party	-	1,093,629
Other liabilities	244,796	256,945
Lease liability	-	6,965
Amount due to related parties	<u>1,675,530</u>	<u>1,335,598</u>
	<u>1,920,326</u>	<u>2,693,137</u>

The Company has exposure to the following risks from financial instruments:

- i) Credit risk
- ii) Interest rate risk
- iii) Liquidity risk
- iv) Market risk
- v) Operational risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

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The Board of BRAC International Holdings BV, the parent company, has established the Group Audit and Risk Management committee, Remuneration Committee, Investment Committee, Group Executive Committee and Subsidiary Companies Executive Committee which are responsible for developing and monitoring Group risk management policies in their respective areas. All Board committees have both executive and non-executive members, apart from the Group Executive Committee which comprises of Executive Directors and Senior Management and report regularly to the Board of Directors on their activities.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Credit policy of BRAC Social Business Enterprises Uganda Limited requires all credit exposures to be measured, monitored, and managed proactively.

Exposure to credit risk is monitored on an ongoing basis by the commercial ventures respective management teams. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure. Key areas where the company is exposed to credit risk are:

Trade and other receivable balances

The Company's financial risk management policy seeks to identify, appraise and monitor the risks facing the Company whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. The Company does not however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, the Company seeks assistance from the parent company.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to the equity holders of the Company, comprising share capital, accumulated losses and other reserves as disclosed in the statement of changes in equity. Management regularly reviews the capital structure and makes adjustments to it in light of changes in the economic conditions.

Management have defined debt as amounts owing to related and third parties. This includes short term loans and trade payables where credit has been extended. Equity is defined as the capital invested by shareholders as well as any accumulated reserves. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables, less cash and cash equivalents. The company's net debt to equity ratio is analysed as follows:

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Loan due to related party	-	1,093,629	-	300,000
Lease liability	-	6,965	-	1,911
Other liabilities	244,796	256,945	69,067	70,484
Due to related parties	1,675,530	1,335,598	472,739	366,376
Less: Cash and cash equivalents	<u>(23,776)</u>	<u>(138,891)</u>	<u>(6,708)</u>	<u>(38,100)</u>
Net debt	1,896,550	2,554,246	535,098	700,671
Equity	<u>(386,703)</u>	<u>(621,939)</u>	<u>(109,106)</u>	<u>(170,608)</u>
Capital and net debt	1,509,847	1,932,307	425,992	530,063
Net debt to equity ratio	1.26	1.32	1.26	1.32

This shows the proportions of debt and equity the company is using to finance its assets and the extent to which the shareholder's equity can fulfil obligations to creditors.

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Investments in cash and cash equivalents.

All cash at banks is held with reputable financial institutions with good credit history and are regulated by the Central Bank of Uganda. As a result, the probability of loss of cash held at banks due to credit risk is assessed as low.

The Board of Directors has delegated responsibility for the oversight of credit risk to the Country Director and the monitoring department.

The determined Company's maximum expose to credit risk is as shown below.

	2021	2020	2021	2020
	Ushs '000	Ushs '000	USD	USD
Trade and other receivables	169,575	329,670	47,844	90,434
Cash and bank	23,776	138,891	6,708	38,100
	193,351	468,561	54,552	128,534

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risks

Overall responsibility for managing market risk rests with the Country Director. Management is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

Interest rate risk

As at 31 December 2021, the company did not have any interest-bearing financial instruments. As at 31 December 2021, the company did not have any exposure to Interest rate risk.

Foreign exchange risk

The company is exposed to currency risk to the extent that there is a mismatch between the currencies in which, sales, purchases and related party loans are denominated and the functional currency of the Company. Generally, related party loans are denominated in currencies that match the cash flows generated by the underlying operations of the company.

This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level.

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The Company had the following foreign exchange exposure as at 31 December 2021.

	2021 Ushs '000 USD	2021 Ushs '000 USH	2021 Ushs '000 Total	2021 USD Total
Assets				
Cash and cash equivalents	549	23,227	23,776	6,708
Trade and other receivables	-	169,575	169,575	47,844
	549	192,802	193,351	54,552
Liabilities				
Due to related parties	-	(1,675,530)	(1,675,530)	(472,739)
Loan due to related party	-	-	-	-
Other liabilities	-	(244,796)	(244,796)	(69,068)
Lease liability	-	-	-	-
	-	(1,920,326)	(1,920,326)	(541,807)
Net exposure	549	(1,727,524)	(1,726,975)	(487,255)

	2020 Ushs '000 USD	2020 Ushs '000 USH	2020 Ushs '000 Total	2020 USD Total
Assets				
Cash and cash equivalents	7,500	131,391	138,891	38,100
Trade and other receivables	-	329,670	329,670	90,434
	7,500	461,061	468,561	128,534
Liabilities				
Due to related parties	(108,409)	(1,227,189)	(1,335,598)	(366,367)
Loan due to related party	(1,093,629)	-	(1,093,629)	(300,000)
Other liabilities	(101,188)	(155,757)	(256,945)	(70,484)
Lease liability	-	(6,965)	(6,965)	(1,911)
	(1,303,226)	(1,389,911)	(2,693,137)	(738,762)
Net exposure	(1,295,726)	(928,850)	(2,224,576)	(610,228)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The liquidity profile of the Company is as follows:

31 December 2021	Less than 6 months Ushs '000	6 to 12 months Ushs '000	More than 12 months Ushs '000	Total Ushs '000
Assets				
Cash and cash equivalents	23,776	-	-	23,776
Inventories	221,378	-	-	221,378
Tax receivable	49,945	-	-	49,945
Trade and other receivables	169,575	-	-	169,575
Total assets	464,674	-	-	464,674
Liabilities				
Other liabilities	(244,796)	-	-	(244,796)
Amount due to related parties	(1,675,530)	-	-	(1,675,530)
Total liabilities	(1,920,326)	-	-	(1,920,326)
Liquidity gap	(1,455,652)	-	-	(1,455,652)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each Program. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- i. Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- ii. Requirements for the reconciliation and monitoring of transactions.
- iii. Compliance with regulatory and other legal requirements.
- iv. Documentation of controls and procedures.
- v. Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- vi. Requirements for the reporting of operational losses and proposed remedial action.
- vii. Development of contingency plans.
- viii. Training and professional development.
- ix. Ethical and business standards.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by the monitoring department. The results of reviews are discussed with the management of the programs to which they relate, with summaries submitted to the senior management of the Company.

23. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

a) Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments e.g. quoted equity securities. These items are exchange traded positions.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premier used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

	Level 1 Ushs '000	Level 2 Ushs '000	Level 3 Ushs '000	Total fair values Ushs '000	Total carrying amount Ushs '000
Assets					
Cash and Bank	-	23,776	-	23,776	23,776
Inventories	-	221,378	-	221,378	221,378
Tax receivable	-	49,945	-	49,945	49,945
Trade and other receivables	-	169,575	-	169,575	169,575
	-	464,674	-	464,674	464,674
Liabilities					
Other liabilities	-	(244,796)	-	(244,796)	(244,796)
Amount due to related parties	-	(1,675,530)	-	(1,675,530)	(1,675,530)
	-	(1,920,326)	-	(1,920,326)	(1,920,326)

24. USE OF ESTIMATES AND JUDGEMENTS

Impairment of receivables

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Income Taxes

Significant judgment is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes 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.

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25. CONTINGENT LIABILITIES

There were no known contingent liabilities at the year end. (2020: nil).

26. ULTIMATE CONTROLLING PARTY

Stitching BRAC International is the ultimate controlling party of BRAC International Holdings B.V. BRAC Social Business Enterprise Uganda is 99% owned by BRAC International Holdings B.V, a company registered in Netherlands.

27. CURRENCY

These financial statements are presented in thousands of Uganda Shillings, which is the Company's functional currency.

28. CAPITAL COMMITMENTS

There were no capital commitments at year end (2020: nil).

29. EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting period.

30. COVID 19 ASSESSMENT

On March 11, 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic. Many governments took stringent steps to help contain the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. The pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of finalisation of the financial statements its effects are subject to significant levels of uncertainty.

Associated with the COVID-19 virus, we have considered possible events and conditions for the purpose of identifying whether these events and conditions affect or may affect the future performance of the Company. In making this assessment, we have considered the period up to 12 months after the end of the reporting period, as well as the period up to 12 months after the date of this memorandum.

The following observations have been made regarding this assessment.

- In the year 2021, the Government of Uganda lifted all restrictions that resulted from the Covid-19 pandemic and as a result the core activities of the Company which is to sell seeds of agricultural and horticultural crops are not under restriction.
- The major customer is now government and other NGO needs and the Company is a listed partner of the government making them possible to continue with their activities.
- There are no issues with the parent company who is providing the finances and credit facilities to BRAC Social Business Enterprise Uganda Limited

Based on the results of the assessment above, management is of the view that the significant doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

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Programme Reporting (Unaudited)**Statement of comprehensive income for the year ended 31 December 2021**

	Agriculture Ushs '000	Training Ushs '000	Total Ushs '000
Revenue	1,533,012	59,179	1,592,191
Cost of sales	(1,484,426)	-	(1,484,426)
Gross profit	48,586	59,179	107,765
Other Income	161,228	-	161,228
Staff costs	(444,637)	(41,970)	(486,607)
Training, workshops & seminars	(59,848)	(1,725)	(61,573)
Other operating expenses	(470,568)	(13,392)	(483,960)
Depreciation	(104,188)	-	(104,188)
Lease amortisation	(12,801)	-	(12,801)
Impairment of trade receivables	(5,781)	-	(5,781)
Operating expenses	(888,009)	2,092	(885,917)
Finance costs	(25,747)	-	(25,747)
Loss before tax	(913,756)	2,092	(911,664)
Income tax credit	-	-	-
Net loss for the year	(913,756)	2,092	(911,664)
Other comprehensive income	-	-	-
Total comprehensive loss	(913,756)	2,092	(911,664)

Statement of financial position as at 31 December 2021

	Agriculture Ushs '000	Training Ushs '000	Total Ushs '000
ASSETS			
Cash and bank	22,540	1,236	23,776
Inventory	221,378	-	221,378
Tax receivable	49,945	-	49,945
Trade and other receivables	169,409	166	169,575
Property and equipment	548,038	467,189	1,015,227
Right of use	53,722	-	53,722
Total assets	1,065,032	468,591	1,533,623
LIABILITIES AND EQUITY			
Liabilities			
Due to related parties	4,038,391	(2,362,861)	1,675,530
Other liabilities	263,746	(18,950)	244,796
Total liabilities	4,302,137	(2,381,811)	1,920,326
Equity			
Share Capital	3,149,321	431,579	3,580,900
Retained earnings	(6,379,887)	2,412,284	(3,967,603)
Total Equity	(3,230,566)	2,843,863	(386,703)
Total liabilities and Equity	1,071,571	462,052	1,533,623

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Programme Reporting (Unaudited)

Statement of comprehensive income for the year ended 31 December 2021

	Agriculture	Training	Total
	USD	USD	USD
Revenue	427,959	16,520	444,479
Cost of sales	(414,395)	-	(414,395)
Gross profit	13,564	16,520	30,084
Other income	45,009		45,009
Staff costs	(124,126)	(11,716)	(135,842)
Training, workshops & seminars	(16,708)	(482)	(17,190)
Other operating expenses	(131,058)	(4,045)	(135,103)
Depreciation	(29,084)	-	(29,084)
Lease amortisation	(3,574)	-	(3,574)
Impairment of trade receivables	(1,614)	-	(1,614)
Operating expenses	(247,591)	277	(247,314)
Finance costs	(7,188)	-	(7,188)
Loss before tax	(254,779)	277	(254,502)
Income tax credit		-	
Net loss for the year	(254,779)	277	(254,502)
Other comprehensive income	-	-	-
Total comprehensive loss	(254,779)	277	(254,502)

Statement of financial position as at 31 December 2021

	Agriculture	Training	Total
	USD	USD	USD
ASSETS			
Cash and bank	6,359	349	6,708
Inventory	62,460	-	62,460
Tax receivable	14,092	-	14,092
Trade and other receivables	47,797	47	47,844
Property and equipment	154,626	131,814	286,440
Right of use	15,157	-	15,157
Total assets	300,491	132,210	432,701
LIABILITIES AND EQUITY			
Liabilities			
Due to related parties	1,139,404	(666,665)	472,739
Other liabilities	74,415	(5,347)	69,068
Total liabilities	1,213,819	(672,012)	541,807
Equity			
Share Capital	888,559	121,767	1,010,326
Retained earnings	(1,800,041)	680,609	(1,119,432)
Total Equity	(911,482)	802,376	(109,106)
Total liabilities and Equity	302,337	130,364	432,701