Lakeside Dairy Limited

Annual report and financial statements
for the year ended March 31, 2021

Contents

Corporate Information

Country of incorporation and domicile	Uganda
Nature of business and principal activities	Processing milk and manufacturing of dairy products
Directors	Dodla Sunil Reddy Busireddy Venkat Krishna Reddy Akshay Tanna
Registered office	PO Box 1341 Mbarara, Uganda
Holding company	Dodla Holdings PTE Limited incorporated in Singapore
Ultimate holding company	Dodla Dairy Limited incorporated in India
Lead bankers	Bank of Baroda (Uganda) Limited PO Box 7197 Kampala, Uganda DFCU Bank Limited PO Box 70 Kampala,Uganda Kenya Commercial Bank Limited PO Box 7399 Kampala, Uganda
Independent auditors	Grant Thornton Certified Public Accountants PO Box 7158 Kampala, Uganda
Secretary	Compliance Business Services Limited
Tax reference number	1006585932

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Lakeside Dairy Limited ("the Company") for the year ended March 31, 2021.

1. Nature of business

The Company is engaged in the business of processing milk and manufacturing of dairy products and operates principally in Uganda.

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

2. Review of financial results

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012. The accounting policies have been applied consistently to all the periods presented in the accompanying financial statements.

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

3. Share capital

	2021	2020
Authorised	Number of shares	
Ordinary shares	200,000	200,000

	2021	2020	2021	2020
Issued	USh '000	USh '000	Number of shares	
Ordinary shares	200,000	200,000	200,000	200,000

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

4. Dividends

The dividends proposed to shareholders during the year is USh 14,751,440 thousand (2020: Nil) and are reflected in the attached statement of changes in equity. Payment of dividend is subject to withholding tax at a rate 15%.

5. Directorate

The directors in office at the date of this report are as follows:

Directors	**Nationality**
Dodla Sunil Reddy	Indian
Busireddy Venkat Krishna Reddy	Indian
Akshay Tanna	Indian

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

6. Holding company

The Company's holding company is Dodla Holdings PTE Limited, which is incorporated in Singapore.

7. Ultimate holding company

The Company's ultimate holding company is Dodla Dairy Limited, which is incorporated in India.

Directors' Report

8. Implication of COVID-19

The spread of COVID-19 has severely impacted businesses around the globe. The Government of Uganda on March 18, 2020 announced a nationwide lockdown with immediate effect. Like many other countries, there has been severe disruption to regular business operation due to lock downs, disruptions in transportation, supply chain, travel restrictions, quarantines, social distancing and other emergency measures in Uganda.

The Company has made a detailed assessment of its liquidity position for the next financial year and has critically assessed the assumptions used, recoverability and carrying values of its assets comprising of property, equipment and right-of-use, trade receivables and liabilities as at reporting date, and has concluded that no material adjustments are required in the financial statements.

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

9. Auditors

Grant Thornton Certified Public Accountants have expressed their willingness to continue as auditors of the Company in accordance with Section 167(2) of the Companies Act, 2012.

10. Secretary

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

The financial statements set out on pages 8 to 34, which have been prepared on the going concern basis, were approved by the board on July 9, 2021.

B. A. Negie

Company Secretary

Date: July 9, 2021

Place: Kampala, Uganda

COMPLIANCE BUSINESS SERVICES LTD
P.O. Box 6757, Kampala - Uganda

Statement of Directors' Responsibilities

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

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

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

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

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

The financial statements set out on pages 8 to 34, which have been prepared on the going concern basis, were approved by the board on July 9, 2021 and were signed on its behalf by:

Director

Director

Date: July 9, 2021
Place: Kampala, Uganda

Independent Auditor's Report

To the members of Lakeside Dairy Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lakeside Dairy Limited ("the Company") set out on pages 8 to 34, which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lakeside Dairy Limited as at March 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012.

Basis for opinion

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Anil Patel (Indian), Jasmine Shah (Indian), Nilesh Patel (Indian), Yuonusu Musoke (Ugandan), Uday Bhalara (Indian)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

(iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

Uday Bhalara
P0474

Grant Thornton

Grant Thornton
Certified Public Accountants

Date: July 9, 2021
Place : Kampala, Uganda

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2021 USh '000	2020 USh '000
Revenue	3	55,543,458	73,921,664
Other income	4	110,358	116,317
Losses on disposals of property, plant and equipment		(163,196)	(365,738)
Changes in inventories of finished goods and work in progress	5	222,009	(233,356)
Raw and packing materials consumed	6	(35,177,872)	(42,109,766)
Employee costs	7	(1,985,779)	(1,903,704)
Depreciation, amortisation and impairment	8	(1,421,312)	(1,310,489)
Other operating expenses	9	(6,869,225)	(7,173,697)
Operating profit		**10,258,441**	**20,941,231**
Finance cost and finance income - net	10	(168,904)	(766,263)
Profit before taxation		**10,089,537**	**20,174,968**
Taxation	11	(733,675)	(6,122,862)
Profit for the year		**9,355,862**	**14,052,106**
Other comprehensive income		-	-
Total comprehensive income for the year		**9,355,862**	**14,052,106**

The notes on pages 12 to 34 form an integral part of the financial statements.

Statement of Financial Position

	Note(s)	2021 USh '000	2020 USh '000
Assets			
Non-Current Assets			
Property, plant, equipment and right-of-use assets	12	17,788,927	19,089,355
Intangible assets	13	35,829	91,478
		17,824,756	**19,180,833**
Current Assets			
Inventories	14	3,119,626	2,767,978
Trade and other receivables	15	2,345,142	4,542,492
Investments	16	5,189,615	-
Current tax receivable	17	33,819	281,619
Cash and cash equivalents	18	7,778,979	1,489,411
		18,467,181	**9,081,500**
Total Assets		**36,291,937**	**28,262,333**
Equity and Liabilities			
Equity			
Share capital	19	2,000,000	2,000,000
Capital contribution		1,725,070	1,725,070
Proposed dividend	20	14,751,440	-
Retained earnings		11,202,521	16,598,097
		29,679,031	**20,323,167**
Liabilities			
Non-Current Liabilities			
Lease liabilities	21	59,710	92,974
Deferred tax	22	2,954,364	2,741,936
		3,014,074	**2,834,910**
Current Liabilities			
Trade and other payables	23	3,558,068	5,066,886
Lease liabilities	21	40,764	37,370
		3,598,832	**5,104,256**
Total Liabilities		**6,612,906**	**7,939,166**
Total Equity and Liabilities		**36,291,937**	**28,262,333**

The financial statements on pages 8 to 34, were approved by the board on July 9, 2021 and were signed on its behalf by:

Director **Director**

The notes on page 12 to 34 form an integral part of the financial statements.

Statement of Changes in Equity

	Share capital USh '000	Capital contribution USh '000	Proposed dividend USh '000	Retained earnings USh '000	Total equity USh '000
Balance at April 1, 2019	**2,000,000**	**1,725,070**	**-**	**2,545,991**	**6,271,061**
Profit for the year	-	-	-	14,052,106	14,052,106
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**14,052,106**	**14,052,106**
Balance at March 31, 2020	**2,000,000**	**1,725,070**	**-**	**16,598,099**	**20,323,169**
Profit for the year	-	-	-	9,355,862	9,355,862
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**9,355,862**	**9,355,862**
Proposed dividend	-	-	14,751,440	(14,751,440)	-
Total distribtions to owners of Company	**-**	**-**	**14,751,440**	**(14,751,440)**	**-**
Balance at March 31, 2021	**2,000,000**	**1,725,070**	**14,751,440**	**11,202,521**	**29,679,031**
Note(s)	19		20		

The notes on page 12 to 34 form an integral part of the financial statements.

Statement of Cash Flows

	Note(s)	2021 USh '000	2020 USh '000
Cash flows from operating activities			
Profit before taxation		10,089,537	20,174,968
Adjustments for:			
Depreciation and amortisation		1,387,080	1,310,489
Impairment losses		34,232	-
Changes in working capital:			
Inventories		(351,648)	466,665
Trade and other receivables		2,040,648	935,635
Trade and other payables		(1,508,820)	1,424,414
Cash generated from operations		**11,691,029**	**24,312,171**
Tax paid		(273,447)	(4,913,912)
Net cash generated from operations		**11,540,056**	**19,398,259**
Cash flows from investing activities			
Addition to property, plant, equipment and right-of-use assets		(230,476)	(3,860,574)
Sale of property, plant and equipment		199,473	381,034
Net movement on capital advances		-	1,527,267
Investment in term deposits with bank		(5,189,615)	-
Net cash from investing activities		**(5,220,618)**	**(1,952,273)**
Cash flows from financing activities			
Net movement on related party loan		-	(17,145,926)
Payment on lease liabilities		(29,870)	(27,747)
Net cash from financing activities		**(29,870)**	**(17,173,673)**
Net change in cash and cash equivalents for the year		**6,289,568**	**272,313**
Cash and cash equivalents at the beginning of the year		1,489,411	1,217,098
Cash and cash equivalents at end of the year	18	**7,778,979**	**1,489,411**

The notes on pages 12 to 34 form an integral part of the financial statements.

Notes to the Financial Statements

Corporate information

Lakeside Dairy Limited ("the Company") is a limited liability incorporated and domiciled in Uganda. The Company was incorporated on July 15, 2014.

The Company is engaged in the business of processing milk and manufacturing of dairy products.

The Registered office of the Company is PO Box 1341, Mbarara, Uganda

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

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

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Lease classification

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Revenue recognition

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Company had transferred control of the goods to the customer. Following the detailed quantification of the Company liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Notes to the Financial Statements

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

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

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

Key sources of estimation uncertainty

Impairment of financial assets

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

Allowance for slow moving, damaged and obsolete inventory

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for obsolescence is made where the net realizable value is less than cost based on best estimates by the management, ageing of inventories and historical movement of the inventory.

Useful lives of property, plant, equipment and right-of-use assets

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

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

1.3 Property, plant, equipment and right-of-use assets

Property, plant, equipment and right-of-use assets are tangible assets which the Company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant, equipment and right-of-use assets is recognised 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.

Property, plant, equipment and right-of-use assets is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Notes to the Financial Statements

1.3 Property, plant, equipment and right-of-use assets (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant, equipment and right-of-use assets are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant, equipment and right-of-use assets is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant, equipment and right-of-use assets have been assessed as follows:

Nature of asset	Depreciation method	Useful life
Buildings	Straight line	30 years
Plant and machinery	Straight line	15 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	8 years
Office equipment	Straight line	10 years
IT equipment	Straight line	3 years
Laboratory equipment	Straight line	5 years
Right-of-use assets	Straight line	2 - 5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant, equipment and right-of-use assets with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

An item of property, plant, equipment and right-of-use assets is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant, equipment and right-of-use assets, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Notes to the Financial Statements

1.4 Intangible assets (continued)

Nature of asset	Useful life
Computer software	3 years

1.5 Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

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

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

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

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

The classification is determined by both:

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

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

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

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

Notes to the Financial Statements

1.5 Financial instruments (continued)

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

Trade and other receivables

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

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Notes to the Financial Statements

1.5 Financial instruments (continued)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

1.6 Tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

1.7 Leases

Company as lessee

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Notes to the Financial Statements

1.7 Leases (continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

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 by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Company under residual value guarantees;
- the exercise price of purchase options, if the Company is reasonably certain to exercise the option;
- 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, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance cost and finance income - net (note 10).

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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 recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

1.7 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

When the Company incurs an obligation for the costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised in the Statement of Financial Position in note Provisions.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant, equipment and right-of-use assets. Refer to the accounting policy for property, plant, equipment and right-of-use assets for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.9 Equity

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

1.10 Dividend

Dividends on ordinary shares are charged to equity in the year in which they are declared. Dividends declared after the statement of financial position date are disclosed in the notes. This is transfered from retained earnings to a separate item "proposed dividend" under equity.

Notes to the Financial Statements

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

The Company and all its' employees contribute to the National Social Security Fund, which is a defined contribution scheme. A defined contribution plan is a pension plan under which the Company pays a fixed contribution to a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund which is funded by contributions from both the Company and employees.

The Company's contributions to the defined contribution scheme are charged to the statement of profit or loss and other comprehensive income in the year to which they fall due.

1.12 Provisions and contingencies

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.13 Revenue

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

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

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

Revenue from the sale of milk and dairy products is recognised when or as the Company transfers control of the assets to the customer. Invoices for goods or services transferred are due upon receipt by the customer.

When such items are either customised or sold together, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the Company has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognised over time as the service is rendered based on estimation of work done.

Notes to the Financial Statements

1.14 Translation of foreign currencies

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

At the end of the reporting period:

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

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

1.15 Investments

Investments in term deposits with Banks are measured at amortised cost if the they meet the following conditions:
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and term deposit with bank maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

	2021 USh '000	2020 USh '000

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Presentation of Financial Statements: Disclosure initiative	January 1, 2020	The impact of the standard is not material
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	January 1, 2020	The impact of the standard is not material
• Amendments to References to Conceptual Framework in IFRSs	January 1, 2020	The impact of the standard is not material
• Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020	The impact of the standard is not material

2.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after April 1, 2021 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
• COVID-19-Related Rent Concessions (Amendment to IFRS 16)	June 1, 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021	Unlikely there will be a material impact
• Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023	Unlikely there will be a material impact

Notes to the Financial Statements

	2021 USh '000	2020 USh '000
3. Revenue		
Sale of goods	55,543,458	73,921,664

The Company's revenue disaggregated by geographical market as follows;

Year ended March 31, 2021

Product / Country	**Kenya (USh '000)**	**S.Sudan (USh '000)**	**Uganda (USh '000)**	**Total (USh '000)**
Cheese	-	-	250,663	250,663
Ghee	-	-	163,444	163,444
Panner	-	-	2,926	2,926
UHT Milk	41,627,416	2,186,134	3,725,806	47,539,356
Yogurt	-	1,672,596	5,914,473	7,587,069
	41,627,416	**3,858,730**	**10,057,312**	**55,543,458**

Year ended March 31, 2020

Product / Country	**Kenya (USh '000)**	**S.Sudan (USh '000)**	**Uganda (USh '000)**	**Total (USh '000)**
Cheese	-	-	245,303	245,303
Ghee	111,527	-	266,183	377,710
Panner	-	-	10,464	10,464
UHT Milk	62,841,598	2,527,245	632,777	66,001,620
Yogurt	-	1,476,607	5,809,960	7,286,567
	62,953,125	**4,003,852**	**6,964,687**	**73,921,664**

	2021 USh '000	2020 USh '000
4. Other income		
Sale of scrap and other income	110,358	116,317
5. Changes in inventory of work in progress and finished goods		
Opening stock - finished goods	419,420	595,062
Opening stock - work in progress	21,933	79,647
Closing stock - finished goods	(602,017)	(419,420)
Closing stock - work in progress	(61,345)	(21,933)
	(222,009)	**233,356**
6. Raw and packing materials consumed		
Opening inventory	1,762,575	2,118,750
Purchases	35,353,279	41,753,591
Closing inventory	(1,937,982)	(1,762,575)
	35,177,872	**42,109,766**
7. Employee costs		
Direct employee costs		
Basic	812,122	827,225
National social security fund contributions	81,212	82,722
	893,334	**909,947**

Notes to the Financial Statements

	2021 USh '000	2020 USh '000
7. Employee costs (continued)		
Indirect employee costs		
Basic	956,020	815,435
Directors sitting fees	40,823	96,778
National social security fund contributions	95,602	81,544
	1,092,445	**993,757**
Total employee costs		
Direct employee costs	893,334	909,947
Indirect employee costs	1,092,445	993,757
	1,985,779	**1,903,704**
8. Depreciation, amortisation and impairment losses		
Depreciation		
Property, plant, equipment and right-of-use assets - indirect	137,933	122,320
Property, plant, equipment and right-of-use assets - direct	1,193,498	1,132,520
	1,331,431	**1,254,840**
Amortisation		
Computer software	55,649	55,649
Impairment losses		
Trade receivables	34,232	-
Total depreciation, amortisation and impairment		
Depreciation	1,331,431	1,254,840
Amortisation	55,649	55,649
Impairment losses	34,232	-
	1,421,312	**1,310,489**

Notes to the Financial Statements

9. Other operating expenses

	2021 USh '000	2020 USh '000
Transport and freight	2,896,984	1,784,281
Manufacturing expenses	2,173,853	4,081,215
Consulting and professional fees	683,199	176,502
Staff welfare	251,576	277,101
Other expenses	194,957	60,924
Travelling	111,186	163,333
Levies	95,141	81,135
Immigration	93,622	142,691
Security	67,735	94,558
Milk parlours	46,837	9,450
Utilities	37,534	40,837
Telephone	35,684	36,952
Insurance	33,350	21,627
Advertising	33,065	47,424
Auditors remuneration	33,191	33,427
Repairs and maintenance	22,706	27,996
Bank charges	21,777	34,022
Printing and stationery	19,048	47,753
Medical expenses	15,530	12,469
Donations	2,250	-
	6,869,225	**7,173,697**

10. Finance cost and finance income - net

	2021 USh '000	2020 USh '000
Interest on loan from group company	-	429,325
Interest on term deposits with banks	(122,474)	-
Realised foreign exchange differences	125,173	4,131,480
Unrealised foreign exchange differences	146,575	(3,813,294)
Interest on lease liabilities	19,630	18,752
	168,904	**766,263**

Notes to the Financial Statements

	2021 USh '000	2020 USh '000
11. Taxation		
Major components of the tax expense		
Current		
Current tax	521,247	4,628,856
Deferred		
Originating and reversing temporary differences	212,428	1,494,006
	733,675	**6,122,862**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	10,089,537	20,174,968
Tax at the applicable tax rate of 30% (2020: 30%)	3,026,861	6,052,490
Tax effect of adjustments on taxable income		
Exempt taxable profit as per section 21 of the income tax act	(2,357,439)	-
Tax effect of non-deductible expenses	64,253	70,877
Prior period errors	-	(505)
	733,675	**6,122,862**

USh '000

12. Property, plant, equipment and right-of-use assets

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right-of-use assets	1,713,242	(79,046)	1,634,196	1,691,942	(39,523)	1,652,419
Buildings	4,019,153	(739,579)	3,279,574	4,008,215	(596,835)	3,411,380
Plant and machinery	16,822,735	(4,087,735)	12,735,000	15,614,053	(3,144,955)	12,469,098
Furniture and fixtures	34,720	(11,517)	23,203	31,880	(8,221)	23,659
Motor vehicles	61,899	(25,116)	36,783	61,899	(17,378)	44,521
Office equipment	27,475	(11,492)	15,983	24,453	(7,445)	17,008
Laboratory equipment	155,099	(123,701)	31,398	157,339	(92,051)	65,288
IT equipment	75,657	(56,888)	18,769	68,131	(45,878)	22,253
Work in progress - Building	-	-	-	21,300	-	21,300
Work in progress - Plant and machinery	14,021	-	14,021	1,362,429	-	1,362,429
Total	**22,924,001**	**(5,135,074)**	**17,788,927**	**23,041,641**	**(3,952,286)**	**19,089,355**

Reconciliation of property, plant, equipment and right-of-use assets - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Right-of-use assets	1,652,419	-	-	21,300	(39,523)	1,634,196
Buildings	3,411,380	10,937	-	-	(142,743)	3,279,574
Plant and machinery	12,469,098	189,878	(199,122)	1,362,429	(1,087,283)	12,735,000
Furniture and fixtures	23,659	2,839	-	-	(3,295)	23,203
Motor vehicles	44,521	-	-	-	(7,738)	36,783
Office equipment	17,008	3,025	-	-	(4,050)	15,983
Laboratory equipment	65,288	-	(351)	-	(33,539)	31,398
IT equipment	22,253	9,776	-	-	(13,260)	18,769
Work in progress - Building	21,300	-	-	(21,300)	-	-
Work in progress - Plant and machinery	1,362,429	14,021	-	(1,362,429)	-	14,021
	19,089,355	**230,476**	**(199,473)**	**-**	**(1,331,431)**	**17,788,927**

Reconciliation of property, plant, equipment and right-of-use assets - 2020

	Opening balance	Additions	On adoption of IFRS 16	Disposals	Transfers	Depreciation	Closing balance
Right-of-use assets	-	-	1,691,941	-	-	(39,522)	1,652,419
Buildings	3,433,132	37,254	-	-	73,612	(132,618)	3,411,380
Plant and machinery	11,465,482	2,372,883	-	(367,482)	23,339	(1,025,124)	12,469,098
Furniture and fixtures	12,204	14,384	-	-	-	(2,929)	23,659
Motor vehicles	38,548	26,525	-	(13,552)	-	(7,000)	44,521
Office equipment	7,123	12,500	-	-	-	(2,615)	17,008
Laboratory equipment	82,020	13,912	-	-	-	(30,644)	65,288
IT equipment	22,254	14,386	-	-	-	(14,387)	22,253
Work in progress - Building	88,612	6,300	-	-	(73,612)	-	21,300
Work in progress - Plant and machinery	23,339	1,362,429	-	-	(23,339)	-	1,362,429
	15,172,714	**3,860,573**	**1,691,941**	**(381,034)**	**-**	**(1,254,839)**	**19,089,355**

Notes to the Financial Statements

	2021 USh '000	2020 USh '000

13. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	166,948	(131,119)	35,829	166,948	(75,470)	91,478

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	91,478	(55,649)	35,829

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	147,128	(55,650)	91,478

14. Inventories

	2021	2020
Raw and packing materials	1,937,982	1,762,575
Work in progress	61,345	21,933
Finished goods	602,017	419,420
Stores and spares	518,282	564,050
	3,119,626	**2,767,978**

15. Trade and other receivables

	2021	2020
Financial instruments:		
Trade receivables	38,195	384,971
Amounts due from related parties	1,599,985	2,664,777
Loss allowance	(34,232)	-
Trade receivables at amortised cost	1,603,948	3,049,748
Deposits	37,386	37,386
Other receivables	71,581	30,187
Non-financial instruments:		
VAT	402,372	1,287,507
Advance to suppliers	80,837	16,750
Prepayments	149,018	120,914
Total trade and other receivables	**2,345,142**	**4,542,492**

16. Investments

	2021	2020
Term deposits with Bank - at amortised cost		
Term deposits with Bank	5,189,615	-

Term deposit with bank is classified as at amortised cost having and effective interest rate of 2.2% p.a. and matures in 3 to 6 months.

Notes to the Financial Statements

	2021 USh '000	2020 USh '000

17. Tax paid

	2021 USh '000	2020 USh '000
Balance at beginning of the year	281,619	(3,437)
Current tax for the year recognised in profit or loss	(521,247)	(4,628,856)
Balance at end of the year	(33,819)	(281,619)
	(273,447)	**(4,913,912)**

18. Cash and cash equivalents

	2021 USh '000	2020 USh '000
Cash in hand	16,781	11,518
Cash at bank	1,677,697	1,477,893
Term deposit with Bank	6,084,501	-
	7,778,979	**1,489,411**

19. Share capital

	2021 USh '000	2020 USh '000
Authorised		
200,000 (March 31, 2020: 200,000) Ordinary shares of USh 10,000 (March 31, 2020:USh 10,000)	2,000,000	2,000,000
Issued		
Ordinary shares	2,000,000	2,000,000

20. Proposed dividend

The proposed dividend for the year 2021 is USh 14,751,440 thousand (2020: USh Nil). The dividend is at 738% of paid up share capital of USh 2,000,000. The payment of dividend is subject to withholding tax at 15% or the rates specified under the applicable double taxation agreements.

21. Lease liabilities

	2021 USh '000	2020 USh '000
Minimum lease payments due		
- within one year	54,000	39,070
- in second to fifth year inclusive	63,000	149,174
	117,000	188,244
Less: future finance charges	(16,526)	(57,900)
Present value of minimum lease payments	**100,474**	**130,344**
Present value of minimum lease payments due		
- within one year	40,764	37,370
- in second to fifth year inclusive	59,710	92,974
	100,474	**130,344**
Non-current liabilities	59,710	92,974
Current liabilities	40,764	37,370
	100,474	**130,344**

Notes to the Financial Statements

	2021 USh '000	2020 USh '000
22. Deferred tax		
Deferred tax liability	(2,954,364)	(2,741,936)
Reconciliation of deferred tax liability		
At beginning of year	(2,741,936)	(1,247,930)
Taxable / (deductible) temporary difference movement on tangible fixed assets	(269,567)	(354,055)
Taxable / (deductible) temporary difference on foreign exchange fluctuations	43,973	(1,143,989)
Taxable / (deductible) temporary difference on right-of-use assets	11,857	(35,571)
Taxable / (deductible) temporary difference on lease liabilities	(8,961)	39,104
Taxable / (deductible) temporary difference on provisions	10,270	-
Prior period error	-	505
	(2,954,364)	**(2,741,936)**
23. Trade and other payables		
Financial instruments:		
Trade payables	2,408,796	4,721,006
Statutory dues payable	79,967	64,217
Accrued expenses	231,819	263,276
Deposits received	780,381	6,249
Non-financial instruments:		
Customer advances	57,105	12,138
	3,558,068	**5,066,886**

Notes to the Financial Statements

24. Related parties

Relationships	
Ultimate holding company	Dodla Dairy Limited - India
Holding company	Dodla Holdings PTE Limited - Singapore
Associates	Dodla Dairy Kenya Limited - Kenya
Members of key management	Dodla Sunil Reddy
	Busireddy Venkat Krishna Reddy
	Akshay Tanna

Related party balances

	2021 USh '000	2020 USh '000
Amounts included in Trade receivable and (other payables) regarding related parties		
Dodla Dairy Kenya Limited - Kenya	1,599,985	2,664,777
Dodla Dairy Limited - India	(52,059)	-
Related party transactions		
Sales		
Dodla Dairy Kenya LImited - Kenya	39,943,523	62,953,125
Sitting fees		
Mr. Busireddy Venkat Krishna Reddy	40,823	96,778
Administration fees		
Dodla Dairy Limited - India	62,788	-
Compensation to directors and other key management		
Short-term employee benefits	526,380	518,891
National Social Ssecurity Fund contributions	48,556	42,211
	574,936	**561,102**

25. Risk management

Financial risk management

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

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

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

Capital risk management

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

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

There are no externally imposed capital requirements.

25. Risk management (continued)

Liquidity risk

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

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

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

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

At March 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Lease liabilities	54,000	31,500	31,500
Trade and other payables	3,558,068	-	-

At March 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Lease liabilities	39,070	74,587	74,587
Trade and other payables	5,066,886	-	-

Credit risk

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

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

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

Financial instrument	**2021 USh '000**	**2020 USh '000**
Investments	5,189,615	-
Trade and other receivables	2,196,124	4,421,578
Cash at bank	1,677,697	1,507,572

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

Currency risk

The Company operates locally, but it is exposed to foreign exchange risk, primarily with respect to the US dollar. Foreign exchange risk arises from commercial transactions of import of goods and services, borrowings and recognised assets and liabilities in US Dollar.

The Company does not hedge foreign exchange fluctuations.

	2021	2020
	USh '000	USh '000

25. Risk management (continued)

The management's policy to manage foreign exchange risk is to have proper mix of borrowings in local and foreign currencies and also to hold foreign currency bank accounts and balances in such accounts to settle foreign currency liabilities; which act as a natural hedge.

At March 31, 2021, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been USh 937,538 thousand (2020: USh 162,660 thousand) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated assets and liabilities.

Foreign currency exposure at the end of the reporting period

Particulars	2021	2021	2020	2020
	US Dollar	Equivalent USh '000	US Dollar	Equivalent USh '000
Foreign currency assets				
Investments	1,400,000	5,163,004	-	-
Cash at bank	1,857,008	6,848,386	256,378	947,212
Trade and other receivables	447,139	1,648,986	724,144	2,675,415
Total foreign currency assets	3,704,147	13,660,376	980,522	3,622,627
Foreign currency liabilities				
Trade and other payables	72,394	266,979	351,571	1,298,911
Total foreign currency liabilities	72,394	266,979	351,571	1,298,911
Net Currency Exposure	**3,631,753**	**13,393,397**	**628,951**	**2,323,716**

Exchange rates used for conversion of foreign items were:

	2021	2020
USD	3,687.86	3,694.59

26. Commitments

The Company has no significant outstanding capital commitments as at March 31, 2021 (2020:Nil).

27. Contingencies

In the opinion of management, the Company did not have any significant contingent liabilities as at March 31, 2021 (2020: Nil).

28. Implication of COVID-19

The spread of COVID-19 has severely impacted businesses around the globe. The Government of Uganda on March 18, 2020 announced a nationwide lockdown with immediate effect. Like many other countries, there has been severe disruption to regular business operation due to lock downs, disruptions in transportation, supply chain, travel restrictions, quarantines, social distancing and other emergency measures in Uganda.

The Company has made a detailed assessment of its liquidity position for the next financial year and has critically assessed the assumptions used, recoverability and carrying values of its assets comprising of property, equipment and right-of-use, trade receivables and liabilities as at reporting date, and has concluded that no material adjustments are required in the financial statements.

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

Notes to the Financial Statements

	2021 USh '000	2020 USh '000

29. Events after the reporting period

Management is not aware of any material event which occurred after the reporting date and up to the date of this report which requires adjustments to or disclosures in the accompanying special purpose financial statements.

30. Comparatives

Previous year's figures have been regrouped / reclassified in order to make them comparable with that of current financial period, wherever necessary.