

**Lakeside Dairy Limited**

Annual report and financial statements  
for the year ended 31 March 2022

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

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# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Corporate Information

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<b>Country of incorporation and domicile</b>	Uganda
<b>Nature of business and principal activities</b>	Processing milk and manufacturing of dairy products
<b>Directors</b>	Dodla Sunil Reddy Busireddy Venkat Krishna Reddy Akshay Tanna
<b>Registered office</b>	PO Box 1341 Mbarara, Uganda
<b>Holding company</b>	Dodla Holdings PTE Limited incorporated in Singapore
<b>Ultimate holding company</b>	Dodla Dairy Limited incorporated in India
<b>Lead bankers</b>	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
<b>Independent auditor</b>	Grant Thornton Certified Public Accountants PO Box 7158 Kampala, Uganda
<b>Secretary</b>	Compliance Business Services Limited PO Box 6757 Kampala, Uganda
<b>Tax identification number</b>	1006585932

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Directors' Report

The directors have the pleasure in submitting their report on the financial statements of Lakeside Dairy Limited ("the Company") for the year ended 31 March 2022, which discloses the state of affairs of the Company.

### 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

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

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

### 3. Share capital

			2022	2021
<b>Authorised</b>			<b>Number of shares</b>	
Ordinary shares			200,000	200,000
<b>Issued</b>			<b>Number of shares</b>	
Ordinary shares	2022 UShs '000	2021 UShs '000	2022 Number of shares	2021 Number of shares
	2,000,000	2,000,000	200,000	200,000

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

### 4. Dividends

The board has not recommended the declaration of a dividend for the year (2021: UShs 14,751,440 thousand).

### 5. Directorate

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

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

### 6. Directors' interests

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

The following directors have held a direct interest in the Company's ordinary issued share capital as reflected in the table below:

Director	2022		2021	
	Number of shares	Shareholding UShs '000	Number of shares	Shareholding UShs '000
Busireddy Venkat Krishna Reddy	1	10	1	10
	<b>1</b>	<b>10</b>	<b>1</b>	<b>10</b>

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Directors' Report

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### 7. Holding company

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

### 8. Ultimate holding company

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

### 9. Events after the reporting period

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

### 10. Implications of COVID-19

The economic recovery from COVID-19 pandemic has continued to be uneven and punctuated by supply-chain disruption. Further detail in respect of the implication of the pandemic have been included under note 27 of the financial statements.

### 11. Auditor

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

### 12. Secretary

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

The financial statements were approved by the board on May 10, 2022.

By Order of the Board

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

May 10, 2022  
Kampala, Uganda

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Statement of Directors' Responsibilities

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

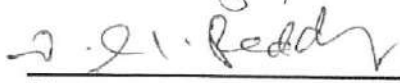
The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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.

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

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

The financial statements set out on pages 8 to 33, which have been prepared on the going concern basis, were approved by the board on May 10, 2022 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

May 10, 2022  
Kampala, Uganda



## Independent Auditor's Report

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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 33, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2012.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statement's* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Uganda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Uganda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial statements

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

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditor's Report

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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

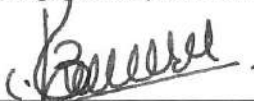
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

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

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

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



Uday Bhalara  
P0474



Grant Thornton  
Certified Public Accountants

May 10, 2022

Kampala, Uganda



# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Statement of Profit or Loss and Other Comprehensive Income

	Note	2022 UShs '000	2021 UShs '000
Revenue	3	64,314,644	55,543,458
Other income	4	58,834	110,358
Losses on disposals of property, plant and equipment		(34,143)	(163,196)
Changes in inventories of finished goods and work in progress	5	342,494	222,009
Raw material and packing material consumed	6	(45,345,808)	(35,177,872)
Employee costs	7	(2,129,201)	(1,985,780)
Depreciation, amortisation and impairment	8	(1,407,745)	(1,421,312)
Other expenses	9	(7,972,040)	(6,869,225)
<b>Operating profit</b>		<b>7,827,035</b>	<b>10,258,440</b>
Finance cost and finance income - net	10	(574,396)	(168,904)
<b>Profit before taxation</b>		<b>7,252,639</b>	<b>10,089,536</b>
Taxation	11	2,228,215	(733,675)
<b>Profit for the year</b>		<b>9,480,854</b>	<b>9,355,861</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>9,480,854</b>	<b>9,355,861</b>

The notes on pages 12 to 33 are an integral part of these financial statements.


# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Statement of Financial Position

	Note	2022 UShs '000	2021 UShs '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant, equipment and right-of-use assets	12	17,577,222	17,788,927
Intangible assets	13	-	35,829
		<u>17,577,222</u>	<u>17,824,756</u>
<b>Current Assets</b>			
Inventories	14	3,740,404	3,119,626
Trade and other receivables	15	2,583,221	2,345,142
Investments	16	7,262,163	5,189,615
Current tax receivable	17	11,152	33,819
Cash and cash equivalents	18	3,130,514	7,778,979
		<u>16,727,454</u>	<u>18,467,181</u>
<b>Total Assets</b>		<u><b>34,304,676</b></u>	<u><b>36,291,937</b></u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	19	2,000,000	2,000,000
Capital contribution		1,725,070	1,725,070
Proposed dividend		-	14,751,440
Retained earnings		21,202,295	11,202,520
		<u>24,927,365</u>	<u>29,679,030</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Lease liabilities	20	-	59,710
Deferred tax	21	2,959,688	2,954,364
		<u>2,959,688</u>	<u>3,014,074</u>
<b>Current Liabilities</b>			
Trade and other payables	22	6,384,266	3,558,069
Lease liabilities	20	33,357	40,764
		<u>6,417,623</u>	<u>3,598,833</u>
<b>Total Liabilities</b>		<u><b>9,377,311</b></u>	<u><b>6,612,907</b></u>
<b>Total Equity and Liabilities</b>		<u><b>34,304,676</b></u>	<u><b>36,291,937</b></u>

The financial statements on pages 8 to 33, were approved by the board on May 10, 2022 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The notes on pages 12 to 33 are an integral part of these financial statements.

## Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

### Statement of Changes in Equity

	Share capital	Capital contribution	Retained earnings	Proposed dividend	Total equity
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 01 April 2020	2,000,000	1,725,070	16,598,099	-	20,323,169
Profit for the year	-	-	9,355,861	-	9,355,861
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	9,355,861	-	9,355,861
Proposed dividend	-	-	(14,751,440)	14,751,440	-
Total contributions by owners of company	-	-	(14,751,440)	14,751,440	-
Balance at 31 March 2021	2,000,000	1,725,070	11,202,521	14,751,440	29,679,031
Profit for the year	-	-	9,480,854	-	9,480,854
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	9,480,854	-	9,480,854
Dividend paid	-	-	-	(14,232,520)	(14,232,520)
Release of proposed dividend back to retained earnings due to foreign exchange difference	-	-	518,920	(518,920)	-
Total contributions by owners of company	-	-	518,920	(14,751,440)	(14,232,520)
Balance at 31 March 2022	2,000,000	1,725,070	21,202,295	-	24,927,365

The notes on pages 12 to 33 are an integral part of these financial statements.

# Lakeside Dairy Limited

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## Statement of Cash Flows

	Note	2022 US\$ '000	2021 US\$ '000
<b>Cash flows from operating activities</b>			
Profit before taxation		7,252,639	10,089,536
<b>Adjustments for:</b>			
Depreciation and amortisation		1,417,860	1,387,080
Impairment losses (reversals)		(10,115)	34,232
Losses on disposal of property, plant and equipment		34,143	163,196
<b>Changes in:</b>			
Inventories		(620,778)	(351,648)
Trade and other receivables		(227,963)	2,040,648
Trade and other payables		2,826,197	(1,508,820)
<b>Cash generated from operations</b>		<b>10,671,983</b>	<b>11,854,224</b>
Tax (paid) refund		2,256,206	(273,447)
<b>Net cash generated from operations</b>		<b>12,928,189</b>	<b>11,580,777</b>
<b>Cash flows from investing activities</b>			
Addition to property, plant, equipment and right-of-use assets		(1,224,382)	(230,476)
Sale of property, plant and equipment		19,913	199,473
Investments in term deposit with banks		(2,072,548)	(5,189,615)
<b>Net cash (used in) investing activities</b>		<b>(3,277,017)</b>	<b>(5,220,618)</b>
<b>Cash flows from financing activities</b>			
Payment on lease liabilities		(67,117)	(29,870)
Dividends paid		(14,232,520)	-
<b>Net cash from financing activities</b>		<b>(14,299,637)</b>	<b>(29,870)</b>
<b>Net change in cash and cash equivalents for the year</b>		<b>(4,648,465)</b>	<b>6,330,289</b>
Cash and cash equivalents at the beginning of the year		7,778,979	1,489,411
<b>Cash and cash equivalents at end of the year</b>	18	<b>3,130,514</b>	<b>7,778,979</b>

The notes on pages 12 to 33 are an integral part of these financial statements.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### Corporate information

Lakeside Dairy Limited ("the Company") is a limited liability company incorporated and domiciled in Uganda. The Company was incorporated on 15 July 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 with the requirements of the Companies Act, 2012.

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

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

#### 1.2 Use of significant judgements and key sources of estimation uncertainty

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

### A. Significant judgements

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

#### Leases 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.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 1.2 Use of significant judgements and key 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.

#### B. Key sources of estimation uncertainty

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

#### Impairment of financial assets

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

#### 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 assesses the appropriateness of the useful lives of property, plant, equipment and right-of-use assets 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, wherever appropriate.

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.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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

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. 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:

Item	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	10 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.

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 subsequently 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:

Item	Depreciation method	Useful life
Computer software	Straight line	3 years



# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 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.

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.



# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 1.5 Financial instruments (continued)

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

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

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

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

#### Impairment of financial assets

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

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

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

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

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

#### Trade and other receivables

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

#### Write-off

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

#### Classification and measurement of financial liabilities

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

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

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 1.6 Tax

#### Tax expenses

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

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

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

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

### 1.7 Leases

#### Company as lessee

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.

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.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 1.7 Leases (continued)

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been shown separately under current & non-current liabilities respectively.

#### 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.

#### 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.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 1.7 Leases (continued)

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.

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 borrowings cost.

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 Company.

### 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 Dividends

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

### 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 administrated 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.



# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 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 26.

### 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.

### 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 they meet the following conditions:

- they are held within a business model 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.

## **Lakeside Dairy Limited**

Annual report and financial statements for the year ended 31 March 2022

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

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#### **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 risks of changes in value.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 2. New Standards and Interpretations

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

##### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4**

An insurer applying the temporary exemption from IFRS 9 shall apply the new requirements of IFRS 9 concerning situations where a change in the basis for determining the contractual cash flows of a financial asset or financial liability is required by interest rate benchmark reform.

The effective date of the Company is for years beginning on or after 01 January 2021.

The Company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

##### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7**

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the Company is for years beginning on or after 01 January 2021.

The Company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

##### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9**

When there is 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 then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the Company is for years beginning on or after 01 January 2021.

The Company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

##### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16**

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the Company is for years beginning on or after 01 January 2021.

The Company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

##### **Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39**

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 2. New Standards and Interpretations (continued)

The effective date of the Company is for years beginning on or after 01 January 2021.

The Company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

#### COVID-19 - Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2021 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 01 June 2020.

The Company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

#### 2.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 & IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact



# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 UShs' 000	2021 UShs' 000		
<b>3. Revenue</b>				
Sale of goods	64,314,644	55,543,458		
The Company's revenue disaggregated by geographical market as follows:				
<b>Year ended March 31, 2022</b>				
<b>Product/ Country</b>	<b>Kenya (UShs' 000)</b>	<b>S.Sudan (UShs' 000)</b>	<b>Uganda (UShs' 000)</b>	<b>Total (UShs' 000)</b>
Cheese	-	-	221,072	221,072
UHT milk	30,154,269	5,537,438	16,113,021	51,804,728
Yogurt	-	2,093,672	10,195,172	12,288,844
	<b>30,154,269</b>	<b>7,631,110</b>	<b>26,529,265</b>	<b>64,314,644</b>
<b>Year ended March 31, 2021</b>				
<b>Product/ Country</b>	<b>Kenya (UShs' 000)</b>	<b>S.Sudan (UShs' 000)</b>	<b>Uganda (UShs' 000)</b>	<b>Total (UShs' 000)</b>
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
	<b>41,627,416</b>	<b>3,858,730</b>	<b>10,057,312</b>	<b>55,543,458</b>
<b>4. Other income</b>				
Sale of scrap and other income			58,834	110,358
<b>5. Changes in inventory of work in progress and finished goods</b>				
Opening stock - finished goods			602,017	419,420
Opening stock - work in progress			61,345	21,933
Closing stock-finished goods			(615,419)	(602,017)
Closing stock - work in progress			(390,437)	(61,345)
			<b>(342,494)</b>	<b>(222,009)</b>
<b>6. Raw material and packing material consumed</b>				
Opening inventory			1,875,109	1,762,575
Purchases			45,469,688	35,290,406
Closing inventory			(1,998,989)	(1,875,109)
			<b>45,345,808</b>	<b>35,177,872</b>
<b>7. Employee costs</b>				
Basic			1,886,970	1,768,143
Director sitting fees			53,534	40,823
National social security fund contributions			188,697	176,814
			<b>2,129,201</b>	<b>1,985,780</b>

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 UShs '000	2021 UShs '000
<b>8. Depreciation, amortisation and impairment</b>		
<b>Depreciation</b>		
Property, plant, equipment and right-of-use assets	1,382,031	1,331,431
<b>Amortisation</b>		
Computer software	35,829	55,649
<b>Impairment losses (reversals)</b>		
Trade receivables	(10,115)	34,232
<b>Total depreciation, amortisation and impairment losses (reversals)</b>		
Depreciation	1,382,031	1,331,431
Amortisation	35,829	55,649
Impairment losses (reversals)	(10,115)	34,232
	<b>1,407,745</b>	<b>1,421,312</b>
<b>9. Other expenses</b>		
Transport and freight	3,439,246	2,896,984
Other manufacturing expenses	2,731,400	2,173,853
VAT expense	398,889	123,730
Consulting and professional fees	382,104	683,199
Staff welfare	260,402	251,576
Travelling	156,726	111,186
Levies	108,154	95,141
Immigration	103,271	93,622
Security	67,583	67,735
Other expenses	47,712	71,227
Telephone	37,781	35,684
Auditors remuneration	36,676	33,191
Advertising	36,401	33,065
Utilities	33,907	37,534
Bank charges	33,771	21,777
Printing and stationery	22,921	19,048
Milk parlours	22,763	46,837
Insurance	19,743	33,350
Repairs and maintenance	16,198	22,706
Medical	15,892	15,530
Donations	500	2,250
	<b>7,972,040</b>	<b>6,869,225</b>
<b>10. Finance cost and finance income - net</b>		
Interest on term deposit with banks	(102,421)	(122,474)
Realised foreign exchange differences	522,042	125,173
Unrealised foreign exchange differences	142,690	146,575
Interest on lease liabilities	12,085	19,630
	<b>574,396</b>	<b>168,904</b>

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 UShs '000	2021 UShs '000
<b>11. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Tax refund received in the current year relating to prior period	(4,468,961)	-
Current tax	2,235,422	521,247
	<b>(2,233,539)</b>	<b>521,247</b>
<b>Deferred</b>		
Originating and reversing temporary differences	5,324	212,428
	<b>(2,228,215)</b>	<b>733,675</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting profit	7,252,639	10,089,536
Tax at the applicable tax rate of 30% (2021: 30%)	2,175,792	3,026,861
<b>Tax effect of adjustments on taxable income</b>		
Exempt taxable profit as per section 21 of the income tax act	-	(2,357,439)
Tax effect of non-deductible expenses	64,954	64,253
Tax refund received in the current year relating to prior period	(4,468,961)	-
	<b>(2,228,215)</b>	<b>733,675</b>

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

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right-of-use assets	1,660,584	(77,978)	1,582,606	1,713,242	(79,046)	1,634,196
Buildings	5,083,772	(899,988)	4,183,784	4,019,153	(739,579)	3,279,574
Plant and machinery	16,901,597	(5,196,361)	11,705,236	16,822,735	(4,087,735)	12,735,000
Furniture and fixtures	42,357	(15,270)	27,087	34,720	(11,517)	23,203
Motor vehicles	61,899	(32,854)	29,045	61,899	(25,116)	36,783
Office equipment	29,401	(16,359)	13,042	27,475	(11,492)	15,983
Laboratory equipment	178,714	(158,538)	20,176	155,099	(123,701)	31,398
IT equipment	63,302	(52,342)	10,960	75,657	(56,888)	18,769
Work in progress- Plant and machinery	5,286	-	5,286	14,021	-	14,021
<b>Total</b>	<b>24,026,912</b>	<b>(6,449,690)</b>	<b>17,577,222</b>	<b>22,924,001</b>	<b>(5,135,074)</b>	<b>17,788,927</b>

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022		2021			
	UShs '000		UShs '000			
<b>12. Property, plant, equipment and right-of-use assets (continued)</b>						
<b>Reconciliation of property, plant, equipment and right-of-use assets - 2022</b>						
	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Right-of-use assets	1,634,196	-	(17,250)	-	(34,340)	1,582,606
Buildings	3,279,574	1,050,598	-	14,021	(160,409)	4,183,784
Plant and machinery	12,735,000	132,171	(36,806)	-	(1,125,129)	11,705,236
Furniture and fixtures	23,203	7,637	-	-	(3,753)	27,087
Motor vehicles	36,783	-	-	-	(7,738)	29,045
Office equipments	15,983	1,925	-	-	(4,866)	13,042
Laboratory equipments	31,398	23,615	-	-	(34,837)	20,176
IT equipment	18,769	3,150	-	-	(10,959)	10,960
Work in progress- Plant and machinery	14,021	5,286	-	(14,021)	-	5,286
	<b>17,788,927</b>	<b>1,224,382</b>	<b>(54,056)</b>	<b>-</b>	<b>(1,382,031)</b>	<b>17,577,222</b>

### 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
	<b>19,089,355</b>	<b>230,476</b>	<b>(199,473)</b>	<b>-</b>	<b>(1,331,431)</b>	<b>17,788,927</b>

### 13. Intangible assets

	2022			2021		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	166,948	(166,948)	-	166,948	(131,119)	35,829

#### Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Closing balance
Computer software	35,829	(35,829)	-

#### Reconciliation of intangible assets - 2021

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

# Lakeside Dairy Limited

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## Notes to the Financial Statements

	2022 UShs '000	2021 UShs '000
<b>14. Inventories</b>		
Raw and packing materials	1,998,989	1,875,109
Work in progress	390,437	61,345
Finished goods	615,419	602,017
Store and spares	735,559	581,155
	<b>3,740,404</b>	<b>3,119,626</b>
<b>15. Trade and other receivables</b>		
<b>Financial assets:</b>		
Trade receivables	28,715	38,195
Amount due from related parties	1,467,235	1,599,985
Loss allowance	(24,117)	(34,232)
Trade receivables at amortised cost	1,471,833	1,603,948
Deposits	37,386	37,386
Other receivable	485,831	71,581
<b>Non-financial assets:</b>		
VAT	102,607	402,372
Advance to suppliers	396,740	80,837
Prepayments	88,824	149,018
	<b>2,583,221</b>	<b>2,345,142</b>
<b>16. Investments</b>		
Term deposits with Bank - at amortised cost	7,262,163	5,189,615
	<b>7,262,163</b>	<b>5,189,615</b>
<b>17. Tax (paid) refunded</b>		
Balance at beginning of the year	33,819	281,619
Current tax for the year recognised in profit or loss	2,233,539	(521,247)
Balance at end of the year	(11,152)	(33,819)
	<b>2,256,206</b>	<b>(273,447)</b>
<b>18. Cash and cash equivalents</b>		
Cash in hand	5,858	16,781
Cash at bank	3,124,656	1,677,697
Short-term deposits	-	6,084,501
	<b>3,130,514</b>	<b>7,778,979</b>
<b>19. Share capital</b>		
<b>Authorised</b>		
200,000 Ordinary shares of UShs 10,000 each	2,000,000	2,000,000
<b>Issued and paid-up</b>		
200,000 Ordinary shares of UShs 10,000 each	2,000,000	2,000,000

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 UShs '000	2021 UShs '000
<b>20. Lease liabilities</b>		
At the start of the year	100,474	130,344
Accrual of interest	12,085	19,630
Payment during the year	(49,500)	(49,500)
Derecognition	(29,702)	-
At the end of the year	<u>33,357</u>	<u>100,474</u>
<b>Minimum lease payments due</b>		
- within one year	36,000	54,000
- in second to fifth year inclusive	-	63,000
	<u>36,000</u>	<u>117,000</u>
less: future finance charges	(2,643)	(16,526)
<b>Present value of minimum lease payments</b>	<u><b>33,357</b></u>	<u><b>100,474</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	33,357	40,764
- in second to fifth year inclusive	-	59,710
	<u><b>33,357</b></u>	<u><b>100,474</b></u>
Non-current liabilities	-	59,710
Current liabilities	33,357	40,764
	<u><b>33,357</b></u>	<u><b>100,474</b></u>
<b>21. Deferred tax</b>		
Deferred tax liability	(2,959,688)	(2,954,364)
<b>Reconciliation of deferred tax asset / (liability)</b>		
At beginning of year	(2,954,364)	(2,741,936)
Taxable / (deductible) temporary difference movement on tangible fixed assets	(40,439)	(269,567)
Taxable / (deductible) temporary difference on foreign exchange fluctuations	42,807	43,973
Taxable / (deductible) temporary difference movement on right-of-use assets	15,477	11,857
Taxable / (deductible) temporary difference movement on lease liabilities	(20,135)	(8,961)
Taxable / (deductible) temporary difference movement on provisions	(3,034)	10,270
	<u><b>(2,959,688)</b></u>	<u><b>(2,954,364)</b></u>
<b>22. Trade and other payables</b>		
<b>Financial liabilities:</b>		
Trade payables	5,454,106	2,408,797
Accrued expense	345,530	231,819
Deposits received	1,733	780,381
<b>Non-financial liabilities:</b>		
Customer advances	494,694	57,105
Statutory dues payable	88,203	79,967
	<u><b>6,384,266</b></u>	<u><b>3,558,069</b></u>

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 US\$ '000	2021 US\$ '000
<b>23. Related parties</b>		
Relationships		
Ultimate holding company		Dodla Dairy Limited-India
Holding company		Dodla Holdings PTE Limited-Singapore
Associates		Dodla Dairy Kenya Limited
Members of key management		Dodla Sunil Reddy Busireddy Venkat Krishna Reddy Akshay Tanna
<b>Related party balances</b>		
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
Dodla Dairy Kenya Limited	1,467,235	1,599,985
Dodla Dairy Limited-India	(718)	(52,059)
<b>Related party transactions</b>		
<b>Sales</b>		
Dodla Dairy Kenya Limited	30,515,343	39,943,523
<b>Administration fees</b>		
Dodla Dairy Limited-India	67,534	62,788
<b>Sitting fees</b>		
Busireddy Venkat Krishna Reddy	53,534	40,823
<b>Compensation to directors and other key management</b>		
Short-term employee benefits	615,779	526,380
National social security fund contributions	56,224	48,556
	<b>672,003</b>	<b>574,936</b>

## 24. 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.

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022	2021
	UShs '000	UShs '000

### 24. 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 31 March 2022			Less than 1 year
Lease liabilities			36,000
Trade and other payables			6,384,266

At 31 March 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	3,558,069	-	-

#### 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	2022	2021
	UShs '000	UShs '000
Investments	7,262,163	5,189,615
Trade and other receivables	2,494,397	2,196,124
Cash and cash equivalents	3,124,656	7,762,198

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.



# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 UShs '000	2021 UShs '000				
<b>24. Risk management (continued)</b>						
Trade Receivables ageing schedule (UShs '000)						
As at March 31, 2022						
Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,482,228	-	22,899	-	-	1,505,127
As at March 31, 2021						
Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,641,997	1,217	-	-	-	1643,214
<b>Currency risk</b>						
The Company operates locally, but it is exposed to foreign exchange risk, primarily with respect to the USD. Foreign exchange risk arises from commercial transactions of purchase and sale of goods and services, borrowings and recognised assets and liabilities in US Dollar.						
The Company does not hedge foreign exchange fluctuations.						
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 31 March 2022, if the currency had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been UShs 571,587 thousand (2021: UShs 937,487 thousand) higher/lower, mainly as a result of foreign exchange gains or losses on translation of USD denominated assets and liabilities.						
<b>Foreign currency exposure at the end of the reporting period</b>						
Particulars	2022 USD	2022 Equivalent UShs '000	2021 USD	2021 Equivalent UShs '000		
	<b>Foreign currency assets</b>					
Investments	2,012,396	7,104,241	1,400,000	5,162,724		
Cash and cash equivalents	419,264	1,480,103	1,857,008	6,848,014		
Trade and other receivables	514,591	1,816,630	447,139	1,648,897		
Total foreign currency assets	2,946,251	10,400,974	3,704,147	13,659,635		
<b>Foreign currency liabilities</b>						
Trade and other payables	633,226	2,235,440	72,394	266,964		
Total foreign currency liabilities	633,226	2,235,440	72,394	266,964		
<b>Net Currency Exposure - Assets</b>	<b>2,313,025</b>	<b>8,165,534</b>	<b>3,631,753</b>	<b>13,392,671</b>		

# Lakeside Dairy Limited

Annual report and financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 UShs '000	2021 UShs '000
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### 24. Risk management (continued)

Exchange rates used for conversion of foreign items were:

USD	3,530.24	3,687.66
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### 25. Commitments

Already contracted for but not provided for

• Property, plant and equipment	40,140	-
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### 26. Contingencies

In the opinion of management, the Company did not have any significant contingent liabilities as at 31 March 2022 (2021: Nil).

### 27. Implications of COVID-19

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

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

The management has taken into account all the possible impacts of events that could arise due to the COVID-19 pandemic, in the preparation of 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.

### 28. Events after the reporting period

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

### 29. Comparatives

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