

FELITAI MIXED DEMONSTRATION FARM LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR

ENDED 31-DECEMBER -2020

AUDITOR:

MNP& Associates

Certified Public Accountants

P. O. Box 26518,

Kampala

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CORPORATE INFORMATION

REGISTERED OFFICE

Kagumba Sub-County
Kamuli District
P.O Box 27
Kamuli

Board of Directors

Okurut Felix
Atai Hellen

Nature of Business

The Company's principal activity is Mixed Farming with emphasis on Dairy Farming, buyers, sell of maize, cassava, sweet potatoes and plantation of other agricultural products.

Secretary

Rubagumya Paul

Bankers

Housing Finance Bank (U) Ltd
Kampala

Auditor

MNP & Associates
Certified Public Accountants
P. O. Box 26518,
Kampala

Legal Status

Felital Mixed Demonstration Farm Ltd is incorporated in Uganda under the Companies Act as a private limited liability company and is domiciled in Uganda.

BOARD OF DIRECTOR'S REPORT

The directors present their annual report together with audited financial statements of Felitai Mixed Demonstration Farm Ltd for the reporting period ending 31-December -2020

Principal activity

The Company's principal activity is planters, growers, buyers, sell, store, exporters of agricultural products.

Results

The net profit after tax for the year is Shs **75 076,000** which has been transferred to retained earnings in the statements of financial position.

Share capital

The authorized share capital is 50,000,000/= for the year ending 31-December -2020 and the reserves of the company are reported in the financial position of the audited accounts.

Directors

The present membership of the board of directors who held office during the year and to the date of this report is reported on page1. In accordance with the Company's Articles of Association, no director is due to retire by rotation

Dividend

The directors do not recommend the payment of a dividend.

Independent Auditor

During the year, MNP & Associates Certified Public Accountants was appointed company auditor and have expressed interest to continues in office in accordance with section 159 (2) of the Uganda company Act.

BY ORDER OF THE BOARD

Secretary-----



Date: _____

2/07/2021

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Companies Act Cap 110 requires the Board of Directors to prepare annual accounts that give a true and fair view of the state of affairs of the company and of its operating results for each year. It also requires the Board of Directors to ensure that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the company. The Board of Directors is also responsible for the safe guarding the assets of the Company.

The Board of Directors accepts responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates consistent with the previous years and in accordance with International Financial Reporting Standards.

The Board of Directors' further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of the accounts as well as adequate systems of internal control.

The Board of Directors is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the company as at 31-Dec.2020 and of its operating results, and cash flows.

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

Signed for and on behalf of the Board of Directors by;

Director



Date

2/07/2021

Atai Hellen

Date

2/07/2021



MNP & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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"The firm is licenced and regulated by the Institute of certified Public Accountants of Uganda."

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To:

Board of Directors

Felitai Mixed Demonstration Farm Ltd

P.O. Box 27

Kamuli

4.1 Opinion

We have audited the financial statements of Felitai Mixed Demonstration Farm Ltd which comprise the statement of financial position as at and the statement of 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 give a true and fair view of the financial position of Felitai Mixed Demonstration Farm Ltd as at 31- December-2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Companies Act, 2012.

4.2 Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further enhanced in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code)* together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

4.3 Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not come across such matters.

4.4 Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative. But to do so, those charged with governance are responsible for overseeing the association's financial reporting process.

4.5 Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

4.6 Going Concern

Management's use of the going concern assumption in the preparation of the Financial Statements was appropriate and there were no events of material uncertainty about Felitai Mixed Demonstration Farm Ltd ability to continue as a going concern that need to be disclosed in the Financial Statements.

4.7 Report on Other Legal and Regulatory Requirements

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

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

In addition, we carried out the following procedures and assessed compliance with the;

1. Companies Act 2012,
2. Income Tax (amendment) Act 2021),
3. NSSF Act,
4. The Constitution of the Republic of Uganda, and
5. Articles and Memorandum of Association.

4.8 Other Reporting Responsibilities

We assessed the going concern of Felitai Mixed Demonstration Farm Ltd operations by establishing whether good procurement practices and budget controls were in place, targets we achieved with in the planned time and at the budgeted cost. We believe that the audit evidence we have obtained in respect to each of the above is insufficient and appropriate to provide a basis for our audit opinion.

The engagement partner on the audit resulting in this independent auditor's report is **CPA NAPAGI PASCHAL – P0412**.



Napagi Paschal
MNP & Associates
Certified Public Accountants
Kampala, Uganda



Wednesday July 2nd 2021

Member of the Institute of Certified Public Accountants of Uganda and Registered Auditor

Felitai Mixed Demonstration Farm Ltd
Report and financial statements year ended 31-12-2020

STATEMENT OF FINANCIAL POSITION

	Note	Ug.Shs. "000s	2020 Ug.Shs. "000s	Ug.Shs. "000s	2019 Ug.Shs. "000s
Non Current Assets					
Property and equipment	2		111,842		119,005
Current Assets					
Inventory		223,388		83,814	
Trade and other receivables		11,410		4,245	
Cash and bank		4,795		4,220	
Current Liabilities					
Trade payables	2a	30,843		6,535	
Other payables	2b	8,669		5,170	
Net current Assets			<u>200,081</u>		<u>80,574</u>
TOTAL ASSETS			<u>311,923</u>		<u>197,879</u>
Represented by:					
Reserves & Liabilities					
Share capital			50,000	50,000	
Capital & reserves			77,702	77,702	
Revenue reserves			75,076	30,548	
Non current liabilities					
Borrowings	ii		11,424	Nil	
Directors Loan	iii		97,721	97,721	
TOTAL ASSETS AND LIABILITIES			<u>311,923</u>		<u>197,879</u>

Directors Loan

Is the value of funds and other assets advanced to the company at the time of of its incorporation is interest free with no fixed repayment terms.

Felitai Mixed Demonstration Farm Ltd
Report and financial statements year ended 31-12-2020
Statement of profit and loss and other comprehensive income

	Note	2020 Shs. "000s	2019 Shs. "000s
Revenue Income	1	596,216	421,313
Cost of sales	1.1	(211,337)	(81,932)
Gross profit		<u>384,879</u>	<u>339,381</u>
Other operating Income			
Total gross income		<u>384,879</u>	339,381
Less			
Administration expenses	1.2	198,176	226,384
Finance costs	1.3	25,900	26,516
Marketing expenses	1.4	53,552	42,842
Net operating profit		<u>107,251</u>	<u>43,640</u>
Tax		32,175	13,092
Profit after Tax		<u>75,076</u>	<u>30,548</u>

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTE

General Information:

Felitai Mixed Demonstration Farm Ltd (“the company”) is incorporated in Uganda under the Companies Act as a private limited liability company and is domiciled in Uganda.

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

Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The preparations of financial statements in conformity with IFRS require the use of certain critical accounting estimates and assumptions.

Critical accounting estimates and judgments

The company makes estimates and assumptions that materially affect the reported amounts of assets and liabilities within the next financial year.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of business and is stated net of Value Added Tax (VAT) and discounts.

Property Equipment

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation and impairment loss. Historical cost comprises expenditure initially incurred to bring the assets to its location and condition ready for its intended use.

Depreciation:

Is calculated on the reducing balance basis to write down the cost of each asset or the revaluated amount to its residual value over its estimated useful life using the following annual rates.

Item	Rate
Computers	33.30%
Furniture, Fixtures fittings & Equipment	12.50%
Vehicles	20.00%
Land & Buildings	0.00%

Financial assets

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Loan and receivables:

Trade and other receivables in the balance sheet.

Are initially recognized at fair value including direct and incremental transactions cost and measured subsequently at amortized cost using the effective interest rate method and the carrying amount are recognized in the statement of profit or loss.

Trade and other payables

Payable to related parties.

The amounts due from related parties are denominated in Uganda shillings, unsecured, interest free and have no specific dates of repayment. Financial liabilities are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and highly liquid investments in money market instruments, net of bank overdrafts.

Income tax

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date.

Country of incorporation

Felitai Mixed Demonstration Farm Ltd is incorporated in Uganda under the Companies Act as a private limited liability company and is domiciled in Uganda.

Presentation currency

These financial statements are presented in Uganda shillings.

Borrowing cost

Borrowing costs incurred in the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Retirement benefit obligations

The company is obliged to make contributions to a statutory retirement scheme the "National Social Security Fund" (N.S.S.F). The company has 2 (two) permanent employees who do not qualify to contribute to the National Social Security Fund, a statutory defined contributory scheme registered under the N.S.S.F Act.

Dividend

Dividends are recognized in the statement of comprehensive income when the right to pay has been established. During the year under consideration, directors do **NOT** recommend payment of a dividend but instead to capitalize the company.

Capital commitment

Foreign exchange risk, credit risk, liquidity risk, in the opinion of the directors, There is no material loss which the company suffers as a result of these combined risks.

Events after the reporting date

There were no significant events after the end of the reporting date that require disclosure.

Presentation currency

These financial statements are presented in Uganda shillings rounded off to the nearest thousands (**Shs "000s**).

Share capital

Ordinary shares are classified as share capital in equity. Any premium received over and above the par- value of the shares is classified as "share premium" in equity

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year

Felitai Mixed Demonstration Farm Ltd
 Report and financial statements year ended 31-12-2020

STATEMENT OF CHANGES IN EQUITY

Year ended 31-12-2020	Share capital Shs. "000	Retained Earnings Shs. "000	Capital Reserves Shs. "000	Total Shs. "000
At year start	50,000	30,548	77,702	158,250
Total profit /Loss for year	Nil	75,076	Nil	75,076
Capital Reserves	Nil	Nil	Nil	Nil
At end of year	<u><u>50,000</u></u>	<u><u>105,624</u></u>	<u><u>77,702</u></u>	<u><u>233,326</u></u>

Felitai Mixed Demonstration Farm Ltd
Report and financial statements year ended 31-12-2020

NOTES TO FINANCIAL STATEMENTS

Note SCHEDULE OF INCOME AND ADMINISTRATION EXPENSES

	2020	2019
	Ugx Shs.	Ugx Shs.
	"000s	"000s
1 Income from sales & services		
Sale of animal & products	453,329	260,068
Sale of other farm products	142,888	161,245
Total Income	<u>596,217</u>	<u>421,313</u>
1.1 Cost of sales		
opening stock	146,675	Ni
purchases	288,050	228,606
closing stock	(223,388)	(146,675)
Cost of sales	<u>211,337</u>	<u>81,931</u>
Gross profit	<u>384,880</u>	<u>339,382</u>
1.2 Administration costs		
Fuel	23,919	31,892
Bush clearing	319	6,370
Motor vehicle expense	8,319	5,367
Telephone & internet	12,192	10,602
Pesticides' & acaricides	11,051	10,047
Purchase animal feeds	5,159	7,936
Purchase fertilizers	6,933	15,407
labour wages	13,836	11,069
Seeds & Seedlings	1,472	9,816
Herbicides'	9,814	10,330
Staff welfare	18,399	14,719
Directors fee		14,700
Maintenance and repairs	7,631	8,033
Office stationery & expenses	4,764	10,588
Security	21,000	16,800
Depreciation	12,535	16,471
Salaries	24,308	11,622
Audit fee	5,906	3,938
Cleaning & sorting	7,704	7,704
Total	<u>195,261</u>	<u>223,411</u>

	Net Finance charge	
1.3	Bank charges	
	Insurance	18,051
	Total	7,849
		<u>25,900</u>
		14,441
		<u>26,516</u>

	Marketing Selling	
1.4	Transport & travelling	22,789
	Advertisement and promotion	5,108
	Packaging Materials	24,957
	Total	<u>52,854</u>
		18,232
		4,865
		19,745
		<u>42,842</u>



Felitai Mixed Demonstration Farm Ltd
Report and financial statements year ended 31-12-2020

2 Property plant and Equipment

Year ended 31-Dec. - 2020

	Land & Buildings "000 s	M/V Ug.Shs "000 s	Computers Ug.Shs "000 s	F & F & E Ug.Shs "000 s	Total Ug.Shs "000 s
Rate	0.00%	25.00%	30.00%	12.50%	
Cost					
At year start					
1-Jan-20	85,000	19,700	8,699	15,018	128,417
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Total at year end	<u>85,000</u>	<u>19,700</u>	<u>8,699</u>	<u>15,018</u>	<u>128,417</u>
Acc.depreciation					
At year start	Nil	4,925	2,610	1,877	9,412
Dep. on Disposal	Nil	Nil	Nil	Nil	Nil
Year charge	-	3,694	1,827	1,643	7,163
Total	<u>-</u>	<u>8,619</u>	<u>4,437</u>	<u>3,520</u>	<u>16,575</u>
Net Book Value	85,000	11,081	4,262	11,498	111,842

31-Dec-20

85,000 11,081 4,262 100,343

Year ended 31-Dec- 2019

	Land & Buildings "000 s	M/V Ug.Shs "000 s	Computers Ug.Shs "000 s	F & F & E Ug.Shs "000 s	Total Ug.Shs "000 s
Rate	0.00%	25.00%	30.00%	12.50%	
Cost					
At year start					
1-Jan-19	85,000	19,700	8,699	15,018	128,417
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Total at year end	<u>85,000</u>	<u>19,700</u>	<u>8,699</u>	<u>15,018</u>	<u>128,417</u>
Acc.depreciation					
At year start	Nil	Nil	Nil	Nil	Nil
Dep. on Disposal	Nil	Nil	Nil	Nil	Nil
Year charge	-	4,925	2,610	1,877	9,412
Total	<u>-</u>	<u>4,925</u>	<u>2,610</u>	<u>1,877</u>	<u>9,412</u>
Net Book Value	85,000	14,775	6,089	13,141	119,005

31-Dec-19

2.2 Directors Loan

Is the value of funds and other assets advanced to the company at the time of of its incorporation with no fixed repayment terms and is interest free.

Felitai Mixed Demonstration Farm Ltd
 Report and financial statements year ended 31-12-2020

Written Down Value

4	Class I 40%	Class III 35%	Class IV 20%	Total
Written down value As at 1.01-2020	6,089	12,805	12,014	30,908
Additions'	Nil	Nil	Nil	Nil
Disposals	Nil	Nil	Nil	Nil
Wear & Tear	2,436	4,482	2,403	9,320
Written down value As at 31.12 .20	3,653	8,323	9,611	21,588
Written down value As at 31.12 .19	5,219	12,805	12,014	30,038

Felitai Mixed Demonstration Farm Ltd
 Report and financial statements year ended 31-12-2020
 Statement of profit and loss and other comprehensive income

	2020 Ug.Shs. "000	2019 Ug.Shs. "000
4 Inventory		
Finished goods	<u>223,386</u>	<u>146,675</u>
4 Trade and other receivables		
Trade receivables	19,968	7,428
Less provisions for bad debts		
Net trade receivables	19,968	7,428
Prepayments		
Other recoverable		
Total	<u>19,968</u>	<u>7,428</u>
4 Cash and Bank		
Cash at bank and hand	8,391	12,924
	<u>8,391</u>	<u>12,924</u>
4 Trade and other payables		
Trade payables	53,975	20,013
Other payables	15,171	15,832
	<u>69,146</u>	<u>35,845</u>
Trade payables		
Animal feeds	20,513	9,079
Herbicides'	10,330	10,932
Total	<u>30,843</u>	<u>20,011</u>
Other payables		
Salaries & wages	2,982	10,168
Audit fee	5,687	9,846
Total	<u>8,669</u>	<u>20,014</u>

Contingent Liabilities

In the opinion of the directors, there is no major contingent liabilities from which material loss could be anticipated