

Company registration number 10081965 (England and Wales)

**SBC (UGANDA) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# SBC (UGANDA) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Cohen Y Dunsky R Llobregat S Jeffery Z Hoshen
<b>Secretary</b>	Mr Stefan Ciufu-Hayward
<b>Company number</b>	10081965
<b>Registered office</b>	6210 Bishops Court Business Park Solihull Birmingham B37 7YB
<b>Auditor</b>	KLSA LLP Kalamu House 11 Coldbath Square London EC1R 5HL
<b>Bankers</b>	Standard Chartered Private Bank 1 Basinghall Avenue London EC2V 5DD

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# **SBC (UGANDA) LIMITED**

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# **SBC (UGANDA) LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the year ended 31 December 2021.

#### **Review of the business**

Turnover for the year ended 31 December 2021 amounted to £46.2m (2020: £37.9m) and the operating profit for the year was £26.4m (2020: £9.9m). The net current assets for the year ended 31 December 2021 amounted to £67m (2020: £64m) and the net assets were £57.7m (2020: £37.5m).

The directors considered the results at year-end to be satisfactory.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company include foreign exchange risk as the company is exposed to some risk in Euros and US Dollars and is therefore exposed to sudden movements in exchange rates. To protect against such fluctuations, where necessary, the company uses financial instruments in the form of forward exchange contracts to hedge this exposure.

Price risks arise on the changes in the price of construction materials. The company has mitigated the exposure to price fluctuations of materials in the service contract with the customer. In addition, the company attempts to limit its exposure through planning its material usage and procurement.

#### **Financial risk management**

The company is not exposed to material levels of credit, liquidity and interest rate risks. The Board monitors the net cash balances, banking facilities and cashflows on a regular basis and that adequate working capital facilities are in place.

#### **Foreign currency risk**

The contract for the construction of the Hoima airport in Kabaale is in Euros and the branch local currency is Uganda Shillings. The company is exposed to currency risk in Euros. The parent company, SBI International AG has entered into forward currency contracts with a financial institution to manage the foreign exchange risk arising from the operation of the contract in Euros. The contracts are for the expected receipts from the customer on the specific dates.

#### **Financial instruments**

The company's policy is to finance its operations from equity.

The financial instruments utilised by the company are funds from group companies and branch of the UK company, short-term cash deposits and items such as trade creditors which arise directly from its operations.

#### **Future developments**

The company was set up as a special purpose vehicle for the construction of the Hoima airport and therefore there are no future plans for the company.

#### **Key performance indicators**

The directors use both financial and non-financial performance indicators to monitor the company's position.

The key financial performance indicators of the company are turnover £46.2m (2020: £37.9m), profit after tax £20.6m (2020: £7.5m) and balance sheet with net assets £57.7m (2020: £37.5m).

The key non-financial performance indicators of the company are timely and quality delivery of the provision of civil engineering services as per agreed contract, and stakeholder relationships.

The directors are of the belief that the monitoring of the above-mentioned indicators is an effective aspect of business performance review.

## **SBC (UGANDA) LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Section 172 statement**

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.

The Directors have always taken decisions in the long term interest of the Company. The strategy takes into account economic conditions, whilst incorporating the original philosophies set by the stakeholders. Our business model has delivered shareholder value as demonstrated by the growth of the company. Our conclusion to these deliberation to date has been that, whilst we expect and are planning for economic uncertainty, we are well positioned and our plan is to continue to operate our business within tight budgetary controls.

Our staff are fundamental to the delivery of our plan. The Company is committed to being a responsible employer in our approach to the pay and benefits our staff receive. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible.

We have always recognised the importance of treating every one of our staff with respect and trust. The Company has a well-developed structure through which it engages regularly with staff to discuss and understand matters concerning them.

The Company is in communication with the customer to ensure the project progresses as per the customer expectations.

Operational excellence is important to the Company and is integral to our plan. We work closely with our suppliers and subcontractors throughout the year. We regularly review their performance and oversee the risks in the supply chain environment.

Finally, we are very aware of the Company's responsibilities towards the communities in which it operates and to the environment. The Company is committed to responsible environmental management and several of our proposed performance measures in our plan will deliver further environmental improvements.

On behalf of the board

A Cohen

**Director**

28 September 2022

# **SBC (UGANDA) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### **Principal activities**

The principal activity of the company is that of construction of civil engineering projects.

#### **Branches**

The company's branch is undertaking the construction of Hoima International Airport, in Kabaale, Uganda.

#### **Results and dividends**

The directors do not recommend the payment of dividends for the year ended 31 December 2021.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Fergusson	(Resigned 16 February 2022)
A Cohen	
Y Dunsky	
R Llobregat	
S Jeffery	
Z Hoshen	

#### **Disabled persons**

The company makes effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability.

#### **Employee involvement**

The directors are committed to maintaining a working environment where staff are individually valued and recognised.

The directors appreciate their responsibility to encourage and assist in the employment, training, promotion and personal career development of all employees without prejudice and the company places value on the involvement of its employees and keeps them informed, not only on matters affecting them as employees, but also on various factors affecting the performance of the company. This is achieved through both formal and informal meetings.

#### **Auditor**

The auditor, KLSA LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Energy and carbon report**

As the company has not consumed more than 40,000 kWh of energy in this reporting period in the UK, it qualifies as a low energy user for its UK operations under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

## **SBC (UGANDA) LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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On behalf of the board

A Cohen  
**Director**

Y Dunsky  
**Director**

28 September 2022

## **SBC (UGANDA) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **SBC (UGANDA) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SBC (UGANDA) LIMITED**

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#### **Opinion**

We have audited the financial statements of SBC (Uganda) Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **SBC (UGANDA) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SBC (UGANDA) LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations**

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the operations of the company financial statements or the operations of the company, including the UK Companies Act 2006, Uganda Companies Act 2012, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

## **SBC (UGANDA) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF SBC (UGANDA) LIMITED**

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To address the risk of non-compliance with laws and regulations, we communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation (including payroll taxes) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: terms attached to the grant by UKEF and safety legislation regulations at the construction site. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards; for instance, any non-compliance with laws and regulations and fraud which is far removed from transactions reflected in the financial statements would diminish the likelihood of detection. Furthermore, the risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting one resulting from error.

Fraud may involve deliberate concealment by, for example, forgery or intentional omissions, misrepresentation, or through an act of collusion that would mitigate internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Shilpa Chheda**  
**Senior Statutory Auditor**  
**For and on behalf of KLSA LLP**

28 September 2022

**Chartered Accountants**  
**Statutory Auditor**

Kalamu House  
11 Coldbath Square  
London  
EC1R 5HL

## **SBC (UGANDA) LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	46,213,326	37,867,491
Cost of sales		(26,028,057)	(22,465,349)
<b>Gross profit</b>		20,185,269	15,402,142
Administrative expenses		(2,268,008)	(2,664,702)
Other operating income/(expenses)		8,525,722	(2,792,529)
<b>Operating profit</b>	<b>4</b>	26,442,983	9,944,911
Interest receivable and similar income	<b>7</b>	266,708	824,767
Interest payable and similar expenses	<b>8</b>	(3,295)	(23,238)
<b>Profit before taxation</b>		26,706,396	10,746,440
Tax on profit	<b>9</b>	(6,073,904)	(3,211,489)
<b>Profit for the financial year</b>		20,632,492	7,534,951

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## **SBC (UGANDA) LIMITED**

### **STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	20,632,492	7,534,951
<b>Other comprehensive income</b>		
Currency translation differences	(378,168)	1,107,293
<b>Total comprehensive income for the year</b>	<u>20,254,324</u>	<u>8,642,244</u>

# SBC (UGANDA) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	10		5,045,455		5,419,732
<b>Current assets</b>					
Stocks	11	9,449,381		6,038,433	
Debtors	12	36,425,695		17,837,223	
Cash at bank and in hand		23,277,719		41,690,700	
		69,152,795		65,566,356	
<b>Creditors: amounts falling due within one year</b>	13	(2,202,283)		(1,521,638)	
<b>Net current assets</b>			66,950,512		64,044,718
<b>Total assets less current liabilities</b>			71,995,967		69,464,450
<b>Creditors: amounts falling due after more than one year</b>	14		(13,389,084)		(31,163,649)
<b>Provisions for liabilities</b>					
Deferred tax liability	15	890,580		838,822	
			(890,580)		(838,822)
<b>Net assets</b>			57,716,303		37,461,979
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Profit and loss reserves			57,716,203		37,461,879
<b>Total equity</b>			57,716,303		37,461,979

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:

A Cohen  
Director

Y Dunskey  
Director

Company Registration No. 10081965

# SBC (UGANDA) LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 January 2020</b>	100	28,819,635	28,819,735
<b>Year ended 31 December 2020:</b>			
Profit for the year	-	7,534,951	7,534,951
Other comprehensive income:			
Currency translation differences	-	1,107,293	1,107,293
Total comprehensive income for the year	-	8,642,244	8,642,244
<b>Balance at 31 December 2020</b>	100	37,461,879	37,461,979
<b>Year ended 31 December 2021:</b>			
Profit for the year	-	20,632,492	20,632,492
Other comprehensive income:			
Currency translation differences	-	(378,168)	(378,168)
Total comprehensive income for the year	-	20,254,324	20,254,324
<b>Balance at 31 December 2021</b>	100	57,716,203	57,716,303

# SBC (UGANDA) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	20	(11,174,896)		(3,431,255)	
Interest paid		(3,295)		(23,238)	
Income taxes paid		(5,426,754)		(4,175,818)	
<b>Net cash outflow from operating activities</b>		(16,604,945)		(7,630,311)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(180,569)		(687,429)	
Interest received		266,708		824,767	
<b>Net cash generated from investing activities</b>			86,139		137,338
<b>Financing activities</b>					
Proceeds of derivatives		983,597		-	
Fair value gain on derivatives		(2,303,208)		(983,597)	
<b>Net cash used in financing activities</b>		(1,319,611)		(983,597)	
<b>Net decrease in cash and cash equivalents</b>		(17,838,417)		(8,476,570)	
Cash and cash equivalents at beginning of year		41,690,700		48,922,447	
Effect of foreign exchange rates		(574,564)		1,244,823	
<b>Cash and cash equivalents at end of year</b>		23,277,719		41,690,700	



# **SBC (UGANDA) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

SBC (Uganda) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6210 Bishops Court, Business Park, Solihull, Birmingham, B37 7YB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The company is financed by reserves and shareholders' equity. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. As at 31 December 2021 the net current assets exceeded the net current liabilities by £67m (2020: £64m). The directors have reviewed the forecasts for the company taking into account the impact of inflationary pressures on trading over the twelve months from the date of signing this annual report.

The directors are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the company's ability to continue as a going concern. The directors have a reasonable expectation that the company has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **1.3 Turnover**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The branch recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the branch's activities.

- i) Contract income is recognised upon issue of approved certificate by the resident engineer for the work done.
- ii) Interest income is accrued by reference to time in relation to balance outstanding and effective interest rate applicable;

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land	8 years over lease period
Plant and equipment	10 years straightline basis
Motor vehicles	5 years straightline basis

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.6 Construction contracts

Branch revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of contract activity at the reporting date where the outcome of the contract can be reliably determined. Reliable estimation of the outcome requires reliable estimates of the stage of completion, future costs and collectability of billings.

The branch uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. Costs incurred until the reporting date in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. Costs that relate to future activity on the transaction or contract are presented as inventories, pre-payments or other assets, depending on their nature and if it is probable that the costs will be recovered.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. The branch recognises contracts costs as an expense as incurred.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The branch presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

#### 1.7 Cash and cash equivalents

The branch presents as a liability the gross amount due to customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank overdrafts, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

The company's parent, SBI International AG has entered into forward currency contracts with a financial institution on behalf of SBC (Uganda) to manage the currency risk between Euros and US Dollar. The contracts are for the expected receipts from the customer on the specific dates. At each financial year-end, the changes in the fair value of the derivatives is recognised in profit or loss.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# **SBC (UGANDA) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

**(Continued)**

#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### **2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

The directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

#### Property, Plant and Equipment

- Useful lives of property, plant and equipment - directors review the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

#### Trade Receivables

- Impairment of trade receivables - The directors review the portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the directors make judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimate future cash flows expected.

#### Revenue recognition on long term contract

Recognition of revenue and profit is based on judgement made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the costs and value of work performed to date and to be performed in bringing contracts to completion. The company has appropriate control procedures to ensure all estimates are determined on a consistent basis and subject to appropriate review and authorisation.

#### Accruals

Client makes provisions/accruals based on previously billed invoices or expected billings based on the contractors quote/ signed agreements from the resident engineer.

#### Employee entitlements

The estimated monetary liability for employees' accrued annual leave and severance pay entitlement at the reporting date is recognised as an expense accrual.

### 3 Turnover and other revenue

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Construction income	46,213,326	37,867,491
	<u>          </u>	<u>          </u>
	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
Uganda	46,213,326	37,867,491
	<u>          </u>	<u>          </u>

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue (Continued)

	2021 £	2020 £
<b>Other revenue</b>		
Interest income	266,708	824,767
Exchange gain/(loss)	8,525,722	(2,792,529)
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	13,200	12,000
Depreciation of owned tangible fixed assets	751,242	879,924
(Profit)/loss on disposal of tangible fixed assets	-	973
Operating lease charges	187,230	238,967
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was 1,005 (2020 - 1,007).

	2021 Number	2020 Number
Administration	50	50
Operations	941	943
Management	14	14
Total	<u>1,005</u>	<u>1,007</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	5,021,924	5,563,183
Social security costs	429,444	534,627
	<u>5,451,368</u>	<u>6,097,810</u>

### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	<u>527,579</u>	<u>930,614</u>

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	289,756	684,912

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	222,367	824,767
Other interest income	44,341	-
Total income	266,708	824,767

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	222,367	824,767
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### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	3,295	23,238

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	6,073,904	3,211,489



# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	26,706,396	10,746,440
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	5,074,215	2,041,824
Tax effect of expenses that are not deductible in determining taxable profit	12,312	28,992
Effect of overseas tax rates	956,824	1,048,795
Capital allowances in excess of depreciation	(21,205)	(121,515)
Deferred tax (credit)/charge	51,758	213,393
Taxation charge for the year	6,073,904	3,211,489

### 10 Tangible fixed assets

	Leasehold land £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2021	170,777	5,803,567	4,234,545	10,208,889
Additions	-	180,569	-	180,569
Exchange adjustments	6,627	229,606	164,320	400,553
At 31 December 2021	177,404	6,213,742	4,398,865	10,790,011
<b>Depreciation and impairment</b>				
At 1 January 2021	78,746	2,164,728	2,545,683	4,789,157
Depreciation charged in the year	21,648	387,065	342,529	751,242
Exchange adjustments	3,583	93,438	107,136	204,157
At 31 December 2021	103,977	2,645,231	2,995,348	5,744,556
<b>Carrying amount</b>				
At 31 December 2021	73,427	3,568,511	1,403,517	5,045,455
At 31 December 2020	92,031	3,638,839	1,688,862	5,419,732

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Stocks

	2021 £	2020 £
Raw materials and consumables	6,164,410	3,713,133
Work in progress	2,436,524	1,862,933
Goods in transit	848,447	462,367
	<u>9,449,381</u>	<u>6,038,433</u>

### 12 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	34,078,707	16,851,047
Derivative financial instruments	2,303,208	983,597
Other debtors	43,780	2,579
	<u>36,425,695</u>	<u>17,837,223</u>

### 13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,478,859	1,517,377
Amounts owed to group undertakings	76,057	22,164
Corporation tax	(232,655)	(828,047)
Other taxation and social security	252,857	249,968
Accruals and deferred income	627,165	560,176
	<u>2,202,283</u>	<u>1,521,638</u>

### 14 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other creditors	<u>13,389,084</u>	<u>31,163,649</u>

The balance includes £13,249,926 (2020: £31,041,154) which relates to the advance payment and materials on site received for the project and it is utilised as the operations of the project are carried out.  
In addition the balance also includes £139,158 (2020: £122,495) which relates to the provision of severance pay to the permanent employees.

# SBC (UGANDA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	898,319	840,082
Exchange gain	3,708	4,205
Provisions	(11,447)	(5,465)
	<u>890,580</u>	<u>838,822</u>
<b>Movements in the year:</b>		<b>2021 £</b>
Liability at 1 January 2021		838,822
Charge to profit or loss		51,758
		<u>890,580</u>
Liability at 31 December 2021		<u>890,580</u>

### 16 Share capital

	2021 £	2020 £
<b>Ordinary share capital issued and not paid</b>		
99 Ordinary "X" shares of £1 each	99	99
1 Ordinary "Y" share of £1 each	1	1
	<u>100</u>	<u>100</u>

### 17 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	92,524	88,454
Between two and five years	406,728	394,518
In over five years	418,938	523,672
	<u>918,190</u>	<u>1,006,644</u>

## **SBC (UGANDA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **18 Related party transactions**

##### **Transactions with related parties**

During the year the company entered into the following transactions with related parties:

SBI Holdings AG (Uganda Branch) is a branch of SBI International AG incorporated in Switzerland.

Service fees of £1,759,656 (2020: £3,654,285) were paid to Colas Limited, a shareholder of the company and £1,373,310 (2020: £1,212,562) were paid to SBI International AG.

Intercompany loan interest charged to SBI International AG of £44,341 (2020: £68,892).

Professional services fees of £11,395 (2020: £9,213) were paid to SBI E&M Engineering & Manpower Services.

During the year the company had the following receivable/(payable) balances with related parties:

##### **2021 2020**

**£ £**

SBI Uganda Ltd (10,315) (10,178)

SBI International Holdings AG 34,078,607 16,902,618

RCC (Nig) Uganda Limited (42,361) (51,671)

SBI E&M Engineering & Manpower Services (23,381) (11,986)

Colas Limited 2,185 (281,334)

The payable to the related party is unsecured, interest free and has no specific repayment period.

SBI Uganda Ltd is owned by SBI Infrastructure Limited - the ultimate controlling party of SBC (Uganda) Limited.

RCC (Nig) Uganda Limited is owned by SBI Holding AG (Uganda) Limited.

SBI International Holdings AG, a company incorporated in Switzerland is the immediate parent company as it holds 99% of shares in SBC (Uganda) Limited.

Colas Limited owns 1% of the shares at SBC (Uganda) Limited.

#### **19 Ultimate controlling party**

As at the reporting date, the immediate parent company is S.B.I. International Holdings AG, which holds 99% of SBC (Uganda) Limited's shares. The remaining 1% of the shares are held by Colas Limited. S.B.I. International Holdings AG's address is 56 Bachstrasse, Schaffhausen, 8200, Switzerland.

The ultimate parent company is Shikun & Binui - S.B.I. Infrastructure Limited, incorporated in Israel, which fully owns S.B.I. International Holdings AG. Shikun & Binui - S.B.I. Infrastructure Limited's address is 1a, Hayarden Street, Airport City, 701000, Israel.

The company was controlled by Shikun & Binui - S.B.I. Infrastructure Limited.

## SBC (UGANDA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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20 Cash absorbed by operations

	2021 £	2020 £
Profit for the year after tax	20,632,492	7,534,951
<b>Adjustments for:</b>		
Taxation charged	6,073,904	3,211,489
Finance costs	3,295	23,238
Investment income	(266,708)	(824,767)
(Gain)/loss on disposal of tangible fixed assets	-	973
Depreciation and impairment of tangible fixed assets	751,242	879,924
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(3,410,948)	620,679
Increase in debtors	(17,268,861)	(6,052,773)
Decrease in creditors	(17,689,312)	(8,824,969)
<b>Cash absorbed by operations</b>	<b>(11,174,896)</b>	<b>(3,431,255)</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.