

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

074564/140

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☐ **What this form is NOT for**
You cannot use this form to
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with accounting requirements

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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

AgDevCo Uganda Limited

UK establishment
number

B R 0 1 8 0 1 4

→ **Filling in this form**

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

Ugandan Law

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3**.

☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3**.

③ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ③

International Financial Standards (IFRS)

A3 Accounts

Accounts


Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5**.

☒ **Yes.** Go to **Section A4**.

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature' . <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' .	1 Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body 1	International Auditing Standards (ISA)	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes.	
Part 3 Signature		
	I am signing this form on behalf of the overseas company.	
Signature	Signature X  X	
	This form may be signed by: Director, Secretary, Permanent representative.	

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	DAWB
Company name	CMS Cameron McKenna Nabarro
Olswang LLP	
Address	Cannon Place
78 Cannon Street	
Post town	London
County/Region	
Postcode	E C 4 N 6 A F
Country	United Kingdom
DX	DX135316 London Cannon Place
Telephone	+44 207 367 3000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
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DX 33050 Cardiff.

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Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

AgDevCo Uganda Limited

Financial Statements

31 December 2018

Company registration number: 208514

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Company information

Directors: Daniel Hulls*
Chris Isaac*

* British

Registered office: 5th Floor, Redstone House
Plot 7 Bandali Rise, Bugolobi
P.O Box 40194
Kampala, Uganda

Company secretary: MMAKS Advocates
3rd floor, Diamond Trust Centre
Plot 17/19 Kampala Road
P.O Box 7166
Kampala, Uganda

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

Bankers: Barclays Bank Uganda Limited
4 Hannington Road
P.O Box 7101
Kampala, Uganda

Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2018 which disclose the state of affairs of AgDevCo Uganda Limited ("the Company").

1) Incorporation

The Company is a limited liability Company, incorporated on 15 September 2015 under the Companies Act of Uganda and domiciled in Uganda.

2) Principal activities

AgDevCo Uganda Limited is a subsidiary of AgDevCo Limited ("Parent"), an entity incorporated in the United Kingdom, which operates with locally managed subsidiaries in seven countries in sub-Saharan Africa (Mozambique, Ghana, Zambia, Malawi, Tanzania, Uganda, Rwanda). AgDevCo Limited and its subsidiaries ("the Group") is a social impact investor and agribusiness project developer. AgDevCo Limited invests patient capital in the form of debt and equity into early stage agribusinesses and develops green field agriculture opportunities. AgDevCo Uganda Limited supports the UK entity through monitoring and providing of hands-on support to expand, source and make investments.

3) Results and dividends

The loss for the year amounted to USD 3,000 (2017: USD 529,000). The results are set out on page 7 of the financial statements.

4) Directors

The directors who held office throughout the year are set out on page 2.

5) Auditors

The auditor, KPMG, being eligible for reappointment, have expressed their willingness to continue in office in accordance with section 167(2) of the Companies Act of Uganda.

6) Approval of financial statements

The financial statements were approved by the board of directors on 7 May 2019.

The directors are satisfied that the Company's anti - bribery, corruption and whistleblowing policies have been effectively implemented during the year.

By the order of the Board


.....
Director

Date 7 May 2019

Statement of directors' responsibility

The company's directors are responsible for the preparation and fair presentation of the financial statements of AgDevCo Uganda Limited ("the Company"), set out on pages 7 to 30, which comprise the Statement of financial position as at 31 December 2018, the Statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Companies Act of Uganda.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act of Uganda.

Approval of the financial statements

The financial statements of the Company, as indicated above, were approved by the board of directors on 7 May 2019 and were signed on its behalf by:


.....
Director

Date: 7 May 2019



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

Telephone +256 414 340315/6
Fax +256 414 340318
Email info@kpmg.co.ug
Website www.kpmg.com/eastafrica

Independent auditors' report

To the Members of AgDevCo Uganda Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of AgDevCo Uganda Limited ("the Company"), which comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, comprising significant accounting policies and other explanatory information as set out on pages 7 to 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AgDevCo Uganda Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act of Uganda.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company Information, Directors' Report and the Statement of Directors' Responsibilities but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of 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 Directors for the Financial Statements

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

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



Independent auditors' report

To the Members of AgDevCo Uganda Limited (Continued)

Report on the Audit of Financial Statements (Continued)

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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 auditors' 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 auditors' 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 Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is CPA Asad Lukwago - P0365.


KPMG

Certified Public Accountants
3rd Floor, Rwenzori Courts
P.O. Box 3509
Kampala, Uganda

Date: 21 May 2019

Statement of comprehensive income

For the year ended 31 December

	Notes	2018 USD'000	2017 USD'000
Grant income	5	589	-
Other income	5	-	1
Grant and other income		589	1
Operating expenses	6	(447)	(482)
Investee support expenses	6	(145)	(47)
Operating and investee support expenses		(592)	(529)
Loss from operating and investing activities		(3)	(528)
Foreign exchange losses		-	(1)
Loss before tax		(3)	(529)
Tax	9	-	-
Loss after tax		(3)	(529)
Total comprehensive loss for the year		(3)	(529)

The notes set out on pages 11 to 30 form an integral part of these financial statements.

Statement of financial position

		As at 31 December	
	Notes	2018 USD'000	2017 USD'000
Assets			
Non-current assets			
Plant and equipment	10	9	16
Total non-current assets		9	16
Current assets			
Other receivables	11	15	18
Intercompany receivable	16	103	21
Cash and cash equivalents	12	42	108
Total current assets		160	147
Total assets		169	163
Liabilities			
Current liabilities			
Shareholder loan	16	-	800
Trade and other payables	13	69	38
Total Liabilities		69	838
NET ASSETS		100	(675)
Capital and Reserves			
Share capital	14	120	3
Share premium	14	661	-
Accumulated losses	15	(681)	(678)
SHAREHOLDER'S FUNDS		100	(675)

The financial statements on page 7 to 30 were approved by the Board of directors on 7 May 2019 and signed on its behalf by:


Director

The notes set out on pages 11 to 30 form an integral part of these financial statements

Statement of changes in equity

	Share capital USD'000	Share Premium USD'000	Retained earnings USD'000	Total USD'000
At 1 September 2015	-	-	-	-
Fully issued and paid up share capital	3	-	-	3
Total comprehensive loss for the year 2016	-	-	(149)	(149)
At 31 December 2016	3	-	(149)	(146)
Total comprehensive loss for the year 2017	-	-	(529)	(529)
At 31 December 2017	3	-	(678)	(675)
Conversion of shareholder loan to 40,000 shares at \$2.94 each	117	-	-	117
Share premium on shares issued shares at \$16.52305 each	-	661	-	661
Loss for the period	-	-	(3)	(3)
At 31 December 2018	120	661	(681)	100

The notes set out on pages 11 to 30 form an integral part of these financial statements.

Statement of cash flows

		For the year ended 31 December	
	Notes	2018 USD'000	2017 USD'000
Cash flow from operating activities			
Loss from operations before tax		(3)	(529)
Depreciation of plant and equipment	10	7	5
Loss from operations before changes in working capital		4	(524)
Decrease/(increase) in trade and other receivables	11	3	(10)
Increase in trade and other payables	13	31	17
Increase in intercompany receivables	16	(82)	(21)
Cash flows from operations		(44)	(538)
Cash flows from investing activities			
Purchase of plant and equipment	10	-	(19)
Net cash flows from investing activities		-	(19)
Cash flows from financing activities			
Loan (repaid to)/received from parent	16	(800)	595
Issue of shares	14	778	-
Net cash flows (used in)/ from financing activities		(22)	595
Net (decrease)/increase in cash and cash equivalents		(66)	38
Cash and cash equivalents at start of period	12	108	70
Cash and cash equivalents at 31 December	12	42	108

The notes set out on pages 11 to 30 form an integral part of these financial statements

Notes to the financial statements

ACCOUNTING POLICIES

1. REPORTING ENTITY

AgDevCo Uganda Limited ("the Company") is domiciled in Uganda. The Company's registered office is 5th Floor, Redstone House, 7 Bandali Rise, Bugolobi, Kampala. AgDevCo Uganda Limited is a subsidiary of AgDevCo Limited, a company incorporated in the United Kingdom, which operates with locally managed subsidiaries in seven countries in sub-Saharan Africa (Mozambique, Ghana, Zambia, Malawi, Tanzania, Uganda and Rwanda). AgDevCo Limited and its subsidiaries ("the Group") is a social impact investor and agribusiness project developer. The Group invests patient capital in the form of debt and equity into early stage agribusinesses.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Statement of compliance

The financial statements of AgDevCo Uganda Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of Uganda.

This is the first set of the company's financial statements in which IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments have been applied. Changes to significant accounting policies are described in Note 3.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except where otherwise stated in the accounting policies below.

Functional and presentation currency

The financial statements are presented in United States Dollar rounded to the nearest thousand (USD '000), which is the Company's functional and presentation currency. The functional currency was determined by analysing the currency that mainly influences sales prices for goods and services and the currency of the environment whose competitive forces and regulations mainly determine the sales prices of goods and services as well as labour and other costs. AgDevCo Uganda Limited receives its funding in United States Dollars which is the functional currency of AgDevCo Limited ("the Parent"). Major costs are incurred in United States Dollars ("the Functional Currency").

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, as documented in Note 17. 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.

Information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements included the following;

- Fair value of financial instruments
- Useful life of assets
- Income taxes

Foreign currency translations

Transactions in foreign currencies are translated to the functional currency (United States Dollar) at the exchange rates operating at the dates of the transactions.

Notes to the financial statements

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate operating at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Grant Income

Grant income is recognised in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Government grants are recognised only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the funds will be received. Grant income is recognised systematically in the statement of other comprehensive income over the periods in which the entity recognises expenses for the related costs or investments for which the grants are intended to fund. Subject to funding agreements, a certain amount of grant income is available to spend on operating activities. This is recognised as the related costs are recognised in the statement of other comprehensive income on an accruals basis.

b) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash in hand, bank balances, financial instruments which are readily convertible in known amounts of cash and deposits repayable on demand or maturing within three months of inception, less any overdrafts or advances from banks repayable within three months or repayable on demand, from date of disbursement or date of confirmation of the advance.

c) Provisions

A provision is recognized if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

d) Financial instruments

Policy applicable after 1 January 2018

i) Financial assets

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The financial assets are classified according to the substance of the contractual arrangements entered into and the definitions of a financial asset. Investments are stated at cost, the carrying amount is reduced if there is any indication of impairment in value. The financial assets include; deposits, Loans and trade and other receivables.

At initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

Notes to the financial statements

Financial assets (other than short term trade receivables) and financial liabilities are recognised initially at fair value; in case of a financial asset or financial liability at amortised cost, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are classified on the basis of both:

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

The prevailing model for subsequent measurement of a financial asset under IFRS 9 is the fair value model (fair value through profit or loss).

Assets held solely to receive payments of principle and interest (SPPI) will be held at amortised cost, with all other financial assets held at fair value. A financial asset shall be subsequently measured at amortised cost if and only if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

This category includes: other receivables and bank deposits

Derecognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable to set off the amounts and it intends either to settle them on a net basis or to realize the assets and settle the liability simultaneously.

ii) Financial liabilities

Initial recognition

Financial liabilities are initially measured at fair value; in case of a financial liability at amortized cost, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Notes to the financial statements

Classification and Subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL.

Financial liabilities at fair value through profit or loss: A financial liability is classified as at FVTPL if it is classified as held-for-trading, it's a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. The Company's financial liabilities include trade and other payables, amounts due to related parties and borrowings.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires: When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				USD '000	USD '000
Other receivables	11	Loans and other receivables	Amortised cost	9	8
Cash and cash equivalents	12	Loans and other receivables	Amortised cost	108	108
Total Financial assets				117	116
Financial Liabilities					
Other payables	13	Other financial liabilities	Other financial liabilities	38	38
Total Financial liabilities				38	38

Notes to the financial statements

Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounting at the original effective interest rate.

(ii) Non- financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied as below;

- The company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.
- An allowance for impairment of USD 846 over the other receivables has not been recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9 as the amount doesn't result in a material impact in the statement of financial position.
- The above assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

e) Comparatives

Where necessary, comparatives have been adjusted to agree with the presentation in the current year.

f) Recently issued accounting standards/new accounting pronouncements

New standards, amendments and interpretations effective and adopted during the year

The Company has adopted the following new standards and amendments during the year ended 31 December 2018, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2018. The nature and effects of the changes are explained below:

New standard or amendments	Effective for annual periods beginning on or after
• IFRS 15 Revenue from Contracts with Customers (replaces IAS 18)	1 January 2018
• IFRS 9 Financial Instruments (replaces IAS 39)	1 January 2018
• Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
• IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

(i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

Notes to the financial statements

The Company reviewed substantially all of its contracts and revenue streams to determine if the adoption of IFRS 15 requires a change in treatment.

Following this review, the management of the Company concluded that since AgDevCo Uganda Limited does not generate revenue from contracts with customers, the standard has no major impact on its financial position and financial performance, other than disclosures.

(ii) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 contains three principal classification categories for financial assets: measure at amortised costs, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The adoption of these changes did not have a significant impact on the financial statements of the Company.

g) Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods after 31 December 2018 and have not been applied in preparing these financial statements. Those which may be applicable to the entity are set out below. The entity does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		Effective date (Periods beginning on or after)
IFRS 16	• IFRS 16 Leases	1 January 2019
IFRS 10 & IAS 28	• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).	To be determined
IFRIC 23	• Uncertainty over Income Tax Treatment	1 January 2019
Amendments to IFRS 9)	• Prepayment features with negative compensation (Amendments to IFRS 9)	1 January 2019
	• Annual improvements to IFRS standards 2015-2017 cycle – various standards	1 January 2020
IFRS 17	• Insurance Contracts	1 January 2021

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

IFRS 16: Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.

Notes to the financial statements

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees which will result in almost all leases being included in the Statement of Financial Position. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard – ie; lessors continue to classify leases as finance or operating leases. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

The Company has assessed the potential impact on its financial statements resulting from the application of IFRS 16.

Leases in which the company is a lessee

For operating leases where AgDevCo Uganda Limited is a lessee (leases for property), the company will recognise new assets and liabilities for its rented office space under operating leases, set out in note 19. The nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense, disclosed in note 6, with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The company recognises the operating lease expense on a straight-line basis over the term of the lease, and assets and liabilities only to the extent that there was a timing difference between actual lease payments and expenses recognised.

The company does not have financing leases.

Based on the information currently available, the company estimates that it will recognise additional liabilities and equivalent right-of-use assets of USD 46,000 as at 1 January 2019.

Transition

The company will apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach and recognising the right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments recognised in the statement of financial position immediately before the date of initial application. This transition method will result in no adjustment to the opening balance of retained earnings at 1 January 2019 and no restatement of comparative information.

The company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to leases entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- The potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

The application of these amendments will have no material impact on the disclosure or on the amounts recognised in the Company's financial statements.

Notes to the financial statements

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although this is expected to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Management's assessment indicates that the application of these amendments will have no material impact on the disclosures or on the amounts recognised in the company's financial statements.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

Management's assessment indicates that the application of these amendments will have no material impact on the disclosures or on the amounts recognised in the company's financial statements.

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Management's assessment indicates that the application of these amendments will have no material impact on the disclosures or on the amounts recognised in the company's financial statements.

Notes to the financial statements

4. GOING CONCERN

The Company has reported a net loss of USD 3,000 (2017: USD 529,000) for the year ended 31 December, 2018 and as at that date, the Company's total assets exceeded its total liabilities by USD 100,000 (2017: total liabilities exceeded total assets by USD 675,000).

The Company's operations are financed through grant funding by its parent and a total of USD 400,000 was disbursed during the year out of the USD 589,000 that was approved. The grant is a gift and non-repayable to the Parent.

The parent company AgDevCo Limited, through a letter of support, has pledged to provide financial support to finance AgDevCo operations for the next 12 months from the date of these financial statements.

Additionally, the company has signed a Grant Deed with the parent to provide financial support for the next 12 months.

Consequently, the directors of the Company have considered it appropriate to prepare these financial statements on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

5. INCOME

Accounting policy:

(a) Grant income

Grant income is recognised in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Grant income is recognised systematically in the statement of comprehensive income over the periods in which the entity recognised expenses or when funds are received from the Grantor.

(b) Other Income

Other income is derived from services provided such as business development, project development, reimbursement of legal expenses and grant income. In accordance with IFRS 15 the Company identifies contracts with customers with reference to the specific criterion provided in IFRS 15 and recognises income as performance obligations are met and once it is probable the Company will collect the consideration to which it is entitled under the contract. The application of IFRS 15 has not resulted in a change of accounting treatment for amount included in other income.

	2018 USD'000	2017 USD'000
Reimbursement of expenses	-	1
Grant income	589	-
Total income	589	1

Notes to the financial statements

6. OPERATING AND INVESTEE SUPPORT EXPENSES

Accounting policy:

Expenses are classified as operating costs and investee support costs. All expenses are charged to profit and loss in the year to which they relate.

Operating costs are expenses incurred in managing the day-to-day operations of the entity and are not able to be capitalised as part of an investment.

Investee support costs are the expenses incurred in offering technical support to the investees of AgDevCo Limited. These include, but are not limited, to budgeting, performance management, IT support, resourcing, review of financial statements, internal control review and recommendations, quality control management.

	2018 USD'000	2017 USD'000
Fund management costs	293	337
Overhead costs	154	145
Operating expenses	447	482
Investee support expenses	27	24
Enterprise development expenses	3	19
Smallholder Development Unit expenses	29	4
Project development expenses	46	-
Project legal expenses	40	-
Investee support expenses	145	47

7. EXPENSES BY NATURE

	2018 USD'000	2017 USD'000
Profit for the year is stated after charging:		
Employee benefit expenses (see note 8)	324	301
Depreciation of plant and equipment	7	5
Operating leases	37	32
Auditor's remuneration	13	13
Other services	3	4
	384	355

8. EMPLOYEE BENEFIT EXPENSES

Accounting policy:

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short - term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under

Notes to the financial statements

	2018 USD'000	2017 USD'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	304	240
Short-term non-monetary benefits	-	9
Defined contribution pension costs	9	27
Social security contributions and similar taxes	11	25
	324	301

The average monthly number of employees during the year was 3 (2017:3)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. The directors did not receive remuneration for their services in 2018 (2017: Nil).

9. INCOME TAX

Accounting policy:

Current income tax

Current tax (liabilities)/assets for the current and prior periods are measured at the amount expected to be (paid to)/recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of the assets or liabilities in a transaction that is not a business combination and affects neither accounting and taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Notes to the financial statements

	2018 USD'000	2017 USD'000
Statement of comprehensive income		
Current income tax	-	-
Deferred tax charge	-	-
Tax (expense)/credit on profit on ordinary activities	-	-

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the basic income tax rate as follows:

	2018	2017
Loss before tax	(3)	(529)
Tax calculated at the tax rate of 30%	(1)	(159)
Tax effect of:		
Unrecognized tax losses	1	159
Total tax (expense)/credit	-	-

There were no changes in tax rates or factors affecting the future tax change. Deferred tax asset of USD 204, 000 (2017: USD 203,000) was not recognised.

Deferred tax

Recognized deferred tax:

No deferred tax was recognized during the period (2017: Nil).

Unrecognized deferred tax:

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against. The deferred tax asset has not been recognised on tax losses carried forward due to lack of certainty of availability of future taxable profits against which such losses will be utilised.

	Unrecognized at 31 December 2017 USD '000	Unrecognized credit to P&L USD '000	Unrecognized at 31 December 2018 USD '000
Cumulative tax losses carried forward	(203)	(1)	(204)
Deferred tax asset	(203)	(1)	(204)

Deferred tax asset and liabilities are attributable to the following items:

	2018 USD	2017 USD
Property, plant and equipment	1,236	146
Tax loss carry-forwards	202,717	202,668
Unrealized exchange losses	(286)	(222)
Deferred tax asset	203,667	202,592

Notes to the financial statements

10. PLANT AND EQUIPMENT

Accounting policy:

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, the cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

Depreciation

Depreciation is recognized in profit or loss on a straight-line balance basis over the estimated useful lives of each part of an item of property and equipment. Items of property and equipment are depreciated from the date that they are installed and ready for use.

The estimated useful lives/depreciation rates used for the current and comparative years of significant items of property equipment are as follows:

Equipment	25%
Leasehold improvements over the life of the lease	

	Office Equipment USD'000	Leasehold improvements USD'000	Total USD'000
Cost	3	-	3
Additions	-	19	19
As at 31 December 2017	3	19	22
Additions	-	-	-
As at 31 December 2018	3	19	22
Accumulated depreciation			
As at 31 December 2016	1	-	1
Charge for the year	1	4	5
As at 31 December 2017	2	4	6
Charge for the period	1	6	7
At 31 December 2018	3	10	13
Net book value			
At 31 December 2017	1	15	16
At 31 December 2018	-	9	9

Notes to the financial statements

11. OTHER RECEIVABLES

Accounting policy:

The Company's other receivables comprise other receivables and prepayments in the statement of financial position.

	2018 USD'000	2017 USD'000
Prepayments	7	9
Other receivables	8	9
Total other receivables	15	18

The fair value of other receivables approximates the carrying amounts.

12. CASH AND BANK BALANCES

	2018 USD'000	2017 USD'000
Cash at bank	42	108
Total cash and bank balances	42	108

13. TRADE AND OTHER PAYABLES

Accounting policy:

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

	2018 USD'000	2017 USD'000
Other payables	-	13
Accruals	58	24
Other payables – tax and social security payments	11	1
Total trade and other payables	69	38

The carrying amount of the other payables approximate the fair values.

14. SHARE CAPITAL AND SHARE PREMIUM

Accounting policy:

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as deduction from equity, net of any tax effects.

During the year, the shareholder loan of USD 778,000 was converted into 40,000 ordinary shares with a par value of USD 2.940 each and share premium of USD, 16.52305 each.

The newly issued shares rank on equal footing in all aspects with the already existing ordinary shares.

Notes to the financial statements

	2018 USD'000	2017 USD'000
Authorised and fully paid up		
1 January: 1,000 ordinary shares at 2.940 each	3	3
Issued in the year: 40,000 ordinary shares at USD 2.940 each	117	-
Share premium on issued shares at USD 16.52305 each	661	-
At 31 December	781	3

15. RESERVES

Accounting policy:

The reserves within the entity are retained earnings/accumulated losses which are all other net gains and losses not recognised elsewhere. No other reserves were recognised during the year.

	2018 USD' 000	2017 USD' 000
1 January	678	149
Loss for the year	3	529
Accumulated losses	681	678

16. RELATED PARTY TRANSACTIONS

Accounting policy:

The Company is related to different companies through common directorships and shareholdings. These are accounted for in accordance with IAS 24 Related party disclosures. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether there is a consideration given.

During the year, the Company had transactions with AgDevCo Limited which holds 100% (2017: 99.9%) of its share capital.

	2018 USD'000	2017 USD'000
Grant receivable	103	-
Intercompany receivable	-	21
	103	21

Shareholder loan conversion

On 11 July 2016, AgDevCo Uganda Limited entered into an agreement with AgDevCo Limited for an interest free unsecured loan facility of USD 1, 500,000 for the purpose of funding operational expenditure. During the year, the shareholder loan, net of the intercompany receivable balance, was converted to ordinary share capital to improve the net assets of the company.

	2018 USD'000	2017 USD'000
Shareholder loan	-	800
	-	800

Notes to the financial statements

17. USE OF ESTIMATES AND JUDGEMENT

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

Estimates and assumptions

Useful life of assets

Critical estimates are made by directors in determining the useful lives of property and equipment based on the intended use and economic lives of those assets.

Income taxes

The Company is subject to income tax and significant judgment is required in determining the provisions for income tax. During the ordinary course of business there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. The Company believes that its accruals for tax liabilities are adequate for the period based on the interpretation of the tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

All financial instruments are initially recognised at fair value, which is normally the transaction price. In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition.

However, these profits or losses can only be recognised when the valuation technique used is based solely on observable market inputs.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on inputs used in the valuation techniques as follows:

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

Notes to the financial statements

The fair value for the majority of the Company's financial instruments is not based on observable market prices. The tables below sets a comparison by category of the carrying amount and fair values of the Company's financial instruments.

	Level 1	Level 2	Level 3	Total Value	2018 Carrying Value
	USD'000	USD'000	USD'000	USD'000	USD'000
Financial Assets					
Cash and bank balances	-	42	-	42	42
Trade and other receivables	-	118	-	118	118
Total	-	160	-	160	160
Financial Liabilities					
Trade and other payables	-	69	-	69	69
Total	-	69	-	69	69

	Level 1	Level 2	Level 3	Total Value	2017 Carrying Value
	USD'000	USD'000	USD'000	USD'000	USD'000
Financial Assets					
Cash and bank balances	-	108	-	108	108
Trade and other receivables	-	39	-	39	39
Total	-	147	-	147	147
Financial Liabilities					
Trade and other payables	-	38	-	38	38
Shareholder loan	-	800	-	800	800
Total	-	838	-	838	838

18. FINANCE RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market risk
- Liquidity risk
- Capital risk

As common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows: other receivables, cash and cash equivalents, loans and borrowings, trade and other payables.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the

Notes to the financial statements

authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function, reporting to the CEO and Executive Committee ("EC"). The Group's Audit and Risk Committee regularly reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets and makes recommendations to the Board. The key financial risks detailed below:

a) Market risk

Market risk is the risk that changes in market prices, such as changes in interest rates or foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing returns.

Transactions are carried out within the guidelines set by the Board of directors.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's policy is, where possible, to settle liabilities denominated in its functional currency with the shareholder loan disbursed to bank accounts in that currency. Where the Company has liabilities denominated in a currency other than its functional currency (and has insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from one account to another.

The Company is predominantly exposed to currency risk on liabilities denominated in currencies other than United States Dollars. Apart from these particular cash flows, the Company aims to fund expenses in United States Dollars.

As at 31 December the Company's net exposure to foreign exchange risk was as follows – net foreign currency financial assets/ (liabilities):

	2018 Ushs'000	2018 USD'000	2017 Ushs'000	2017 USD'000
Monetary Assets				
Cash and cash equivalents	11,930	3	11,493	3
Other receivables	-	-	8,712	2
	<u>11,930</u>	<u>3</u>	<u>20,205</u>	<u>5</u>
Monetary Liabilities				
Other payables	(42,541)	(11)	-	-
	<u>(42,541)</u>	<u>(11)</u>	<u>-</u>	<u>-</u>
Total net exposure	<u>(30,611)</u>	<u>(8)</u>	<u>20,205</u>	<u>5</u>

The following significant USD/UGX exchange rate applied at the yearend: 3,720.25 (2017: 3,640.08)

Foreign currency risk sensitivity analysis

The effect of a 20% strengthening of the United States Dollar against the Uganda Shilling at the reporting date would, all other variables held constant, have resulted in a reduction in post-tax losses of USD 2,800 (2017: USD 1,000). A 20% weakening in the exchange rate would, on the same basis, have increased post-tax losses by USD 2, 800 (2017: USD1,000).

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(ii) Interest rate risk

The company does not have interest bearing assets or liabilities and as such is not exposed to interest rate risk.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it ensures monies are available in cleared funds before commitments are made.

The Company's liquidity risk is managed centrally by the Group treasury function. Each operation has a facility with Group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board in advance, enabling the Company's cash requirements to be anticipated. Where facilities of Company need to be increased, approval must be sought from the Group treasury function and the directors.

The contractual maturities (representing undiscounted contractual cash-flows) of current financial liabilities are all within 3 months.

	Carrying amount	0 - 12 months	1 - 2 years	Over 2 years	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Receivables	118	118	-	-	118
Cash and Bank	42	42	-	-	42
Trade and other payables	(69)	(69)	-	-	(69)
As at 31 December 2018	91	91	-	-	91
As at 31 December 2017	(691)	(691)	-	-	(691)

Capital Risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the capital structure. The capital structure of the Company consists of equity attributable to the equity holders of the Company, comprising share capital and accumulated losses as disclosed in the statement of changes in equity.

The Company does not have any debt financing and uses advances from AgDevCo Limited to fund day to day operations.

19. OPERATING LEASES

Accounting policy:

Leases of assets under which all the risks and benefits are retained by the lessor are classified as operating leases. The total rentals payable under the lease are charged to the Statement of profit or loss on a straight-line basis over the lease term.

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as a finance leases. The asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present

Notes to the financial statements

value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Statement of profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The Company holds a 3-year non-cancellable lease agreement with Village Mall Limited for renting the current office. The future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 USD'000	2017 USD'000
Within 1 year	37	36
After 1 year but not more than 5 years	9	45
More than 5 years	-	-
	<u>46</u>	<u>81</u>

20. CONTINGENT LIABILITIES

As at 31 December 2018, the Company had no contingent liabilities (2017: Nil).

21. SUBSEQUENT EVENTS

Following the year end, in order to entrench AgDevCo not-for-profit distribution and social enterprise status, a restructuring of the AgDevCo group was approved by the Board. The restructure will involve incorporating a company limited by guarantee (incorporated in the UK) which will become the new holding company of the AgDevCo group of companies ("AgDevCo Holdings").

As a company limited by guarantee, AgDevCo Holdings will have members (rather than shareholders). Members undertake to exercise certain rights with the aim of protecting the not-for-profit distribution social enterprise status of AgDevCo. Members will not be entitled to receive distributions from the company and in the event AgDevCo Holdings is wound up any residual assets or property will not be paid to members, but rather, will be transferred to another body (charitable or otherwise) with objects similar to those of AgDevCo. AgDevCo limited will continue to hold 100% in AgDevCo Uganda Limited. It is expected that the new structure will formally be in place by 31 May 2019.

22. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the entity is AgDevCo Limited.