FF0023/20.

In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

OS AA01

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

Companies House

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

X **What this form is NOT f**
You cannot use this form
an alteration of manner o
with accounting requirem

TUESDAY

A7BDDQ61
A12 31/07/2018 #24
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ❶	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 *

❶ 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 ❷ Ugandan Law

❷ 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.**

Name of organisation or body ❸ International Accounting Standards Board

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

A3 Accounts

Accounts

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

☐ **No.** Go to **Section A5.**

☑ **Yes.** Go to **Section A4.**

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. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	International Accounting Standards Board	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. ☐ **No.** ☑ **Yes.**

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature	Signature X [signature] 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	
Company name	Jordan Trust Company Limited
Address	First Floor, Templeback
	10 Temple Back
Post town	Bristol
County/Region	
Postcode	B S 1 6 F L
Country	
DX	
Telephone	Ref: P10371/UKEST/(3046)

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, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, 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 2017

Company registration number: 208514

Contents

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
Auditor:	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 2017 which disclose the state of affairs of AgDevCo Uganda Limited ("the Company").

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

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 and 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 greenfield agriculture opportunities. AgDevCo Uganda Limited supports the UK entity through monitoring and providing of hands-on support to expand, source and make investments.

Results and dividends
The loss for the year amounted to USD 529k (2016: USD 149k). The results are set out on page 8 of the financial statements.

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

Auditor
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.

Approval of annual financial statements
The financial statements were approved by the board of directors on ...24th May.....2018.

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

By the order of the Board

....
Director

Date 24th May **2018**

Statement of directors' responsibility

The Company's directors are responsible for the preparation and fair presentation of the financial statements of AgDevCo Uganda Limited, comprising the statement of financial position at 31 December 2017, 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, which include a summary of significant accounting policies and other explanatory notes, 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.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the Company.

Under the Companies Act of Uganda, the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs as at the end of the financial year and the operating results of the Company for that year. It also requires the directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company.

The directors accept responsibility for the financial statements set out on pages 8 to 27, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the Companies Act of Uganda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern for the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements of the Company, as indicated above, were approved by the board of directors on 24th May 2018 and were signed on its behalf by:

....

Director

Date: 24th May **2018**

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 the 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 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies set out on pages 8 to 27.

In our opinion, the financial statements give a true and fair view of the financial position AgDevCo Uganda Limited as at 31 December 2017, and of its financial performance and of its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of AgDevCo Uganda Limited 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 financial statements in Uganda, and we have fulfilled our ethical responsibilities in accordance with 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 corporate information, the 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 the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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.

KPMG

Independent auditors' report

To the members of AgDevCo Uganda Limited (Continued)

Report on the audit of the financial statements (Continued)

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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with 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.

KPMG

Independent auditors' report

To the members of AgDevCo Uganda Limited (Continued)

Report on the audit of the financial statements (Continued)

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 Company's statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Asad Lukwago-P0365**.

KPMG

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

Date: 01 June **2018**

Statement of comprehensive income

	Notes	2017 USD'000	2016 USD'000
		For the year ended 31 December	
Other income	5	1	7
Other income		**1**	**7**
Operating expenses	6	(482)	(149)
Investee support expenses	6	(47)	(6)
Operating and investee support expenses		**(529)**	**(155)**
Loss from operating and investing activities		**(528)**	**(148)**
Foreign exchange losses		(1)	(1)
Loss before tax		**(529)**	**(149)**
Tax	9	-	-
Loss after tax		**(529)**	**(149)**
Total comprehensive loss for the year		**(529)**	**(149)**

Notes 1 to 22 form part of the financial statements

Statement of financial position

	Notes	As at 31 December 2017 USD'000	2016 USD'000
Assets			
Current assets			
Other receivables	11	18	8
Intercompany receivable	16	21	-
Cash and cash equivalents	12	108	70
Total current assets		**147**	**78**
Non-current assets			
Plant and equipment	10	16	2
Total non–current assets		**16**	**2**
Total assets		**163**	**80**
Liabilities			
Current liabilities			
Shareholder loan	16	(800)	(205)
Trade and other payables	13	(38)	(21
Total Liabilities		**(838)**	**(226)**
NET ASSETS		**(675)**	**(146)**
Capital and Reserves			
Share capital	14	3	3
Accumulated losses	15	(678)	(149)
SHAREHOLDER'S FUNDS		**(675)**	**(146)**

The financial statements on page 8 to 27 were approved by the Board of directors on ...24th May 2018 2018 and signed on its behalf by:

....
Director

Notes 1 to 22 form part of the financial statements

Statement of changes in equity

	Share capital 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)**

Notes 1 to 22 form part of the financial statements

Statement of cash flows

	Notes	For the year ended 31 December 2017 USD'000	2016 USD'000
Cash flow from operating activities			
Loss from operations before tax		(529)	(149)
Depreciation of plant and equipment	10	5	1
Loss from operations before changes in working capital		**(524)**	**(148)**
Increase in trade and other receivables	11	(10)	(8)
Increase in trade and other payables	13	17	21
Increase in intercompany receivables		(21)	-
Cash flows from operations		**(538)**	**(135)**
Cash flows from investing activities			
Purchase of plant and equipment	10	(19)	(3)
Net cash flows from investing activities		**(19)**	**(3)**
Cash flows from financing activities			
Issue of shares		-	3
Loan received from parent		595	205
Net cash flows from financing activities		**595**	**208**
Net decrease in cash and cash equivalents		**38**	**70**
Cash and cash equivalents at start of period	12	70	-
Cash and cash equivalents at 31 December	12	**108**	**70**

Notes 1 to 22 form part of the financial statements

Notes to the financial statements

ACCOUNTING POLICIES

1. **Reporting entity**
AgDevCo Uganda Limited ("the Company") is a limited Company domiciled and incorporated in Uganda under the Companies Act of Uganda. The core business of the Company is agricultural project development and managing investments in Uganda.

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.

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.

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.

Notes to the financial statements

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.

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.

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.

Impairment
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.

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.

3. 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 2017, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2017. The nature and effects of the changes are explained below:

New standard or amendments	**Effective for annual periods beginning on or after**
▪ Disclosure Initiative (Amendments to IAS 7)	1 January 2017
▪ Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017

Notes to the financial statements

Disclosure Initiative (Amendments to IAS 7)
The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

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

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

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

Standards and Interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods after 31 December 2017 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 15	▪ IFRS 15 Revenue from Contracts with Customers	1 January 2018
IAS 39	▪ IFRS 9 Financial Instruments (2014)	1 January 2018
IFRS 2	▪ Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
IFRS 9	▪ Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	1 January 2018
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

Notes to the financial statements

IFRS 9 Financial Instruments
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will not have a significant impact on the Company in terms of changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The adoption of this standard is not expected to have a significant impact on the financial statements of the Company.

IFRS 16: Leases
On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations.

IFRS 16 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'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration. A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments.

(a) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and

(b) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue standard, IFRS 15 Revenue from Contracts with Customers, is also applied.

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

Notes to the financial statements

Comparatives
The comparative figures have been adjusted to conform to changes in presentation in the current year.

4. **Going concern**

The Company has recognised a net loss of USD529k for the year ended 31 December 2017 and as at that date, the Company's total liabilities exceeded its total assets by USD675k.

The Company's operations are financed through borrowings from its parent, amounting to USD800k. The parent has undertaken not to recall its loan to the Company in the next twelve months from the date of signing the 2017 financial statements and to continue providing support to enable the Company to meet its working capital requirements.

The Parent has also agreed to subordinate its current claim against the Company for the foreseeable future until the point when the Company has a surplus of net assets.

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. **Other income**

Accounting policy:
Other income is derived from services provided such as business development, project development and reimbursement of legal expenses.

	2017 USD'000	2016 USD'000
Reimbursement of expenses	1	7
Total other income	**1**	**7**

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.

Notes to the financial statements

	2017 USD'000	2016 USD'000
Fund management costs	337	74
Overhead costs	145	75
Operating expenses	**482**	**149**
Investee support expenses	24	-
Enterprise development expenses	19	-
Smallholder Development Unit expenses	4	1
Project legal expenses	-	5
Investee support expenses	**47**	**6**

7. Expenses by nature

Profit for the year is stated after charging:	2017 USD'000	2016 USD'000
Employee benefit expenses (see note 8)	301	85
Depreciation of plant and equipment	5	1
Operating leases	32	14
Auditor's remuneration	13	6
Other services	4	4
	355	**110**

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 short term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Employee benefit expenses (including directors) comprise:	2017 USD'000	2016 USD'000
Wages and salaries	240	70
Short-term non-monetary benefits	9	8
Defined contribution pension costs	27	-
Social security contributions and similar taxes	25	7
	301	**85**

Notes to the financial statements

The average monthly number of employees during the year was 3 (2016:2)

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 2017 (2016: 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.

	2017 USD'000	2016 USD'000
Statement of comprehensive income		
Current income tax	-	-
Deferred tax charge	-	-
Tax (expense)/credit on profit on ordinary activities	-	-

Notes to the financial statements

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:

	2017	2016
Loss before tax	(529)	(149)
Tax calculated at the tax rate of 30%	(159)	(45)
Tax effect of:		
Unrecognized tax losses	159	45
Total tax (expense)/credit	-	-

There were no changes in tax rates or factors affecting the future tax change.
Deferred tax asset of USD203k (2016: USD44k) was not recognised.

Deferred tax
Recognized deferred tax:
No deferred tax was recognized during the period (2016: 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 2016 USD '000	Revised as per final tax return USD '000	Unrecognized credit to P&L USD '000	Unrecognized at 31 December 2017 USD '000
Cumulative tax losses carried forward	(44)	-	(159)	(203)
Deferred tax asset	**(44)**	**-**	**(159)**	**(203)**

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 straightline 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%

Notes to the financial statements

	Office Equipment USD'000	Leasehold improvements USD'000	Total USD'000
Cost			
At 1 September 2015	-	-	-
Additions	3	-	3
At 31 December 2016	**3**	**-**	**3**
At 1 January 2017	**3**	**-**	**3**
Additions	-	19	19
As at 31 December 2017	**3**	**19**	**22**
ACCUMULATED DEPRECIATION			
At 1 September 2015	-	-	-
Charge for the year	1	-	1
As at 31 December 2016	**1**	**-**	**1**
At 1 January 2017	**1**	**-**	**1**
Charge for the period	1	4	5
At 31 December 2017	**1**	**4**	**6**
At 31 December 2017	**1**	**15**	**16**
At 31 December 2016	**2**	**-**	**2**

Leasehold improvements Over the life of the lease

11. Other receivables

Accounting policy:

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

	2017 USD'000	2016 USD'000
Prepayments	9	8
Other receivables	9	-
Total other receivables	18	-

12. Cash and bank balances

	2017 USD'000	2016 USD'000
Cash at bank and in hand	108	70
Total cash and bank balances	**108**	**70**

Notes to the financial statements

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.

	2017 USD'000	2016 USD'000
Other payables	13	1
Accruals	24	17
Other payables – tax and social security payments	1	3
Total trade and other payables	**38**	**21**

14. Issued share capital

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.

	2017 USD'000	2016 USD'000
Authorised and fully paid up		
1,000 ordinary shares Uganda Shillings 10,000 each	3	3
At 31 December	**3**	**3**

15. Reserves

Accounting policy:

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

	2017 USD' 000	2016 USD' 000
Accumulated losses	678	149
	678	**149**

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 99.9% (2016: 99.9%) of its share capital.

Notes to the financial statements

The intercompany balances as at 31 December 2017 are set out below

Related party receivables

During the year AgDevCo Uganda Limited paid salaries and related pension for an employee of AgDevCo Rwanda. In addition, AgDevCo Uganda Limited paid legal fees on behalf of AgDevCo Limited (the Parent) for consultancy work done on the parent's behalf. These amounts have been included within intercompany receivables.

	2017 USD'000	2016 USD'000
Intercompany receivable	21	-
	21	**-**

Related party payables

On 11 July 2016, AgDevCo Uganda Limited entered into an agreement with AgDevCo Limited for an interest free unsecured loan facility of USD1,500k for the purpose of funding operational expenditure. AgDevCo Uganda Limited is able to draw down on this facility upon completing a drawdown request. The loan facility is repayable in full on demand by the lender.

As at 31 December 2017 AgDevCo Uganda Limited had drawn down four equal instalments of USD200k.

	2017 USD'000	2016 USD'000
Shareholder loan	800	200
	800	**200**

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.

Notes to the financial statements

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: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1	Level 2	Level 3	Value	2016 Carrying Value
	USD'000	USD'000	USD'000	USD'000	USD'000
Financial Assets					
Cash and bank balances	-	70	-	70	70
Trade and other receivables	-	-	8	8	8
Total	**-**	**70**	**8**	**78**	**78**
Financial Liabilities					
Trade and other payables	-	-	21	21	21
Shareholder Loan	-	-	205	205	205
Total	**-**	**-**	**226**	**226**	**226**

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 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:

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.

Notes to the financial statements

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 cashflows, 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):

	2017 USD'000	2016 USD'000
Uganda Shillings	5	8
Total net exposure	**5**	**8**

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 USD1.0k (2016: USD1.6k). A 20% weakening in the exchange rate would, on the same basis, have increased post-tax losses by USD1.0k (2016: USD1.6k).

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.

Notes to the financial statements

	Carrying amount USD '000	0 - 12 months USD '000	1 - 2 years USD '000	Over 2 years USD '000	Total USD '000
Prepayments	**9**	9	-	-	**9**
Intercompany receivables	**21**	21	-	-	**21**
Other receivables	**9**	9	-	-	**9**
Cash and Bank	**108**	108	-	-	**108**
Shareholder loan	**(800)**	(800)	-	-	**(800)**
Trade and other payables	**(38)**	(38)	-	-	**(38)**
As at 31 December 2017	**(691)**	**(691)**	**-**	**-**	**(691)**
As at 31 December 2016	**(147)**	**(147)**	**-**	**-**	**(147)**

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 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:

	2017 USD'000	2016 USD'000
Within 1 year	36	5
After 1 year but not more than 5 years	45	-
More than 5 years	-	-
	81	**5**

Notes to the financial statements

20. Contingent liabilities

As at 31 December 2017, the Company had no contingent liabilities (2016: Nil).

21. Subsequent events

The Company has evaluated the subsequent events through to the date of signing these financial statements and there were no significant events to be reported during the period.

22. Ultimate controlling party

The ultimate controlling party of the entity is AgDevCo Limited.